PUBLISHED IN LONDON AND FRANKFURT Monday July 30 1979



SURVEYORS VALUERS AND AUCTIONEERS

GENERAL

Front Line talks today

African "front line" presidents and Patriotic Front guerrilla leaders is being hastily arranged

in Lusaka for today.

Its objective is to draw up a common strategy for the cightday Commonwealth conference. which opens in Lusaka on Wed-

nesday.
Mrs. Thatcher leaves London for the conference today under renewed Tory pressure to recognise the Muzorewa regime, Back Page and Editorial comment, Page 10.

Iraq plotters 'executed'

Irag's ruling Revolutionary Command Council has executed at least five high-ranking Government and party officials and arrested more than 250 others on charges of plotting against the Stale. Aran diplo-mats reported in Beirut.

A council statement said the ploters received instructions and funds from an external quarter" to conspire against the regime and force it to support the Egyptian-Israeli peace

Madrid bembs

Bombs at Madrid's airport and two main railyway stations killed at least five people and wounded 113. The attacks— with the killing of three policenich ever the weekend-was seen as the work of the Basque separatist guerillas of ETA. Back Page

Grand Prix win

Prix at Hockenheim la a Saudia-Williams, followed by Swiss team-mate Clay Regar-runi, with Jacoues Laffitte of Patrese, Jahouille and Arnou::.

Briton accused

British businessman John Smith, who has been held incommunicado by Iraq since July 12, is to be charged with attempting to bribe an official to procure a commercial transaction, said Iraqi news agency. He is managing director of Hestair Denis.

Lightning killer

Lightning struck a group of hnlidaymakers on a Skegness heach, killing a six-year-old girl and seriously injuring another child. At Blackpool a girl of 18 and a youth of 19 drowned in choppy seas.

Benn's aim

The Labour Party should fight the next general election on a radical, socialist programme similar to the one which brought it overwhelming victory in 1945, said Mr. Anthony Wedgwood Benn. This was the aim of party reforms he was now pressing. Page 4

Sinai talks

Israel and Egyptian Defence Ministers, meeting in Tel Aviv. 6 ALFA ROMEO and its parent decided to strengthen direct company, Finmeccanica, denied links hetween their country's armies. They discussed the controversial issue of a UN presence in the Sinai to supervise Israel's withdrawal. Dayan for U.S., Page 2

Briefly

Official inquiry opens in Chicago today into the DC-10 aircraft crash which killed 273 people in Mey. Bride and 28 of her wedding guests taken to hospital with reception in Halifax, Yorl hire.
Chinese Communist Party 6 LONDON AND MANCHES chairman Hun Guofeng sent per-sonal note of alology to Alatouch Khomeini for visiting

Iran last September during the - CONTENTS

alv's political crisis: Truce

hnliday time 11 magement: Shareholders'



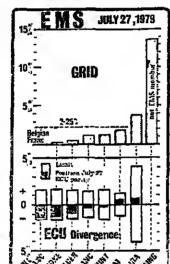
BUSINESS

No. 27,928

New hunt for oil reserves in UK

• ENERGY DEPARTMENT is to oil exploration groups which will begin a new search for onshore fuel resources in England and Scutland, Back Page @ BELGIAN FRANC remained

within its maximum permitted divergence limit against the European Currency Unit last week, but once again was the weakest member of the Euronean Monetary System. The Italian lira was still the strongest member of the EMS. fullowed by the D-Mark, Irish punt and the French franc, Paris interest rales were firmer. but there were no major changes among the EMS mem-bers, with Belgium's key discount ann Lomhard rates uuchauged for the last month.



The circ bhows the two Anstrollan racing after Alan Jones won the German Grand System: the "orid" of cross rates from which no corrected terrept the life) may more more than 2! per cent; and the -varyhug degreek tiy icid**en eac**i France (Ligier) third. Non faishers included Landa, Engage rate against the European Currency Unit (ECU), itself a basket of European currencies. The "grid" is always shown by rejerence to the neakest currency in the 'sustem, which is the bose line

in the top chart. brought closer to EEC practice next month with the publication of a Government document covering proposed changes in accounting principles and dis-

closure regulations. Page 3 3 IRAN decided in principle not to go ahead with any new schemes to export any of its huge gas reserves by pipeline or

O STERLING will weaken over the next year, according to reviews by two leading foreign exchange market commentators.

in a liquefied form. Back Page

. MAIN PROVISIONS of the Banking Act will come into

force on October 1. Page 3 @ U.S. FEDERAL Trade Commission won the first round in its hid to block Exxon's \$1.17hn

(£505m) takeover of Reliance Electric. Page 13

reports that Alfa Romeo might soon be sold to Fiat or a foreign car group. Page 13 • TATE AND LYLE is to close

in November its Waikers sugar cane refinery at Greenock in Scotland. Page 3 O ATTEMPT to withdraw TUC leaders from all talks with the changes in employment law will

be made at the annual Congress in Blackpool in September. TER Assurance reports a first half advance in new life annual premiums in its industrial branch from £1.79m to £2.39m. Page I2

Dilemma over NEB's high Paris Bnurse: The strangest echnology interests ... 10 market in Europe 16

Editorial comment: Rhodesia; world car industry 10 euphoria surrounding synthetic fuel production to attract wide-

ANNUAL STATEMENTS

Poor profits will bring investment decline, says CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A warning that poor profitability of companies this year may be followed by a downturn in investment by manufacturing industry will be issued in the next two days by the Confederation of British Industry.

is a turning point which, on the evidence of past behaviour, is likely to be followed by a downturn lo investment, with all that may mean for the future of jobs and living standards." says the CBI In a paper to he presented to a meeting of the National Economic Develop-ment Council on Wednesday.

Conflict

At the same time the paper maintains the CBf's official line of loyalty to the present Gov-ernment, and says that the Government's strategy for "signifi-cantly improved" the general

climate for husiness.

These potentially conflicting lines of gloom about future prospects, tempered by a welcome for the Budget measures. will be repeated toolorrow when the CEI publishes its quarterly trends survey.

results are believed to show that husinessactivity to continue at the improved rate reported three months ago when industry was

manufacturing companies this year are being cut by the CBI constraint to exports have worked at the most," which is lower than that in 1975.

Worries about prices using a level at which, if they are to stay price-competitive in the short term, their profit margins must be pared to the bone, and lower than that in 1975.

The worries about prices using a level at which, if they are to stay price-competitive in the short term, their profit margins must be pared to the bone, and lower than that in 1975. "The movement in real profitability between 1973 and 1979 is a turning point which

Many husinessmen are especially concerned because the loog run of various sorts of pay policies for much of the past deesde has meant that they are not used to negotiating without pay guidelines.

Members of the CBI's contamic situation committee, who studied the survey results just hefore the weekend. emphasised their determination to stand firm against high wage claims.

They were worried about the likely fall-off in industrial acti-vity, which shows that there has been no real improvement, despite the earlier upturn caused by factors such as pre-Bunget spending and the recovery frum the winter and its strikes.

There is also increased con-

cern about the pound, despite the Government's relaxation of exchange controls. In its paper for Wednesday's NEDC meeting, which is circulating among council members men do not expect industrial and has been sent to Sir Geoffrey Howe. Chancellor of

Earlier forecasts for the real recovering from the winter's just recently the pound has rate of return hy industrial and lorry drivers' and other strikes, heen rising too far too fast, to manufacturing companies this Worries about prices being a level at which, if they are to

"While they accept that the pound's rise has been to some degree due to forces beyond our control, they have at the same been critical not only of high interest rates but also of continuation of exchange controls on overseas invest-

Revising

Discussing profitability, the CBI says that its estimates in May of a 31-4 per cent rate of return for companies, excluding North Sea operations, must be revised down further, to 3 per cent at most, because "output will be even more sluggish than we had thought."

This is because of dearer oil, the rising pound and measures un taxation and Government spending that will limit domestic demand. The Budget-incentives will "take some time spending that to come through."

The CBI paper will be considered at the council meeting with other papers from the Industry Department and the National Economic Develop-"Many companies feel that ment Office."

predicts interest BY DAVID FREUD

Barclays

BARCLAYS, the UK's higgest hank, says a further rise in interest rates from the present near-record level is likely.
In its latest financial survey the bank doubts whether con-sumer loan demand will ease this year. This implies heavy pressure on the banks to satisfy credit demand within the officorset" limits and mone-

tary targets.

Barclays says rationing of advances will he unavoidable if the banks are reluctant to raise. base rates to choke off loan

However, even this may not prevent a rise in interest rates if the demand for credit by frustrated borrowers is sus-tained, for they will turn to other markets, including the inter-bank market itself, and push up money rates generally. The warnings of a further rise

Budget, when the Minimum Lending Rate was raised from 12 to 14 per cent. This compares with the alltime 1976 peak of 13 per cent. It was widely believed the next move would be downward.

Actions

However, last week the Bank of England had to take steps to prevent money market rates moving further above MLR, hoth by providing assistance in the markets and by postponing a recall of special deposits due

The Bank's actions suggest It believes the pressure will be sbort-term, but Barclays now argues that it is unlikely to

ease in the near future.

It says: "It may be premature to expect a significant

According to Laing and and so compensate for some of Cruickshank: "There is an out the revenue lost through reducside chance that the next move-ment in interest rates will be The feeling is that with direct upward . There is absolutely no guarantee that rates will be

brought down quickly." Moniagu Loebl Stanley and remain high till September and any relaxation of the bigher that behind the current study of interest rate policy before this the treatment of businessmen's will be ahead of the game.

£400m dividend pay-out as rates rise restraint ends

BY RAYMOND MAUGHAN

the expiry tomorrow of statu-tory dividend controls.

From Wednesday, companies will be free of dividend restraint for the first time since official restrictions were imposed in 1972.

Unilever will be one of the first big companies off the mark. Under the dividend-sharing arrangement with its Dutch sister company, the group has accumulated a large pool of un-paid dividends during the past seven years.

those out in a lump sum at a nel cost of £52.9m, or 33.52p a

Shell Transport and Trading has built up unpaid dividends worth £296.9m net, since 1972, in rates represents a marked the equivalent of 27.184p a than the rule for the past 14 shift of opinion following the share. A decision as to how years.

British Petroleum has pro-

SPECIAL DIVIDENDS totalling distribution and a further £5m about \$400m are likely to be for 1978 to compensate for the paid in the next few weeks after cut in income tax announced in last month's hudget.

BP also expects to increase its 1979 dividend from £97.3m to £212m net. Apart from special hacklog

payments, companies are also increasing the level of their re-gular distributions. Gross dividends on the FT-Actuaries All-Share Index, which takes account of official

stituent companies, have shot up hy a seventh this month. Leading City stockbrokers estieven years. mate that for 1979 as a whole, On Wednesday it will pay dividends might rise by a fifth. The Dividend Act, 1978, expires tomorrow und, as expec-ted, the Government has made no effort to renew it. Periods of complete dividend freedom have been the exception rather

that will be paid is likely to be Controls were enforced statu-imminent. The board meet this torily or voluntarily between week and the expectation is 1965 and January, 1970. The that Shell too, will pay a lump period of freedom under the Heath Administration lasted nntil November, 1972, and statumised to pay a special interim tory limits on the angual in-dividend costing £47m at the crease in dividend payments end of August It will be made bave been enforced continuup of a £42m special interim ously since then.

Tax relief review

BY FLINOR GOODMAN, LOBBY STAFF

whether there is scope for changing tax treatment of reducing certain types of tax insurance policies is not only reliefs that are extremely costig: the general lessening of the in terms of lost revenue. need for special relicts, but A possible candidate for that the system discriminates

taxes heing reduced, there is no longer the same justification for making exemptions in special circumstances. The idea behind Co. believe credit demand will any review of existing tax relief would therefore be the same as

perks.

MINISTERS ARE considering . The argument in favour of

review is the relief on life insur-against small businesses. ance policies, which cost the Some Tory backbeachers ture to expect a significant downturn in personal sector loan demand before the end of 1979. Also, there is little evidence of any substantial prospective cutback in capital spending.

Stockhrokers L. Messel and Co. say the signs for an early respective from excessive bank lending to the private sector are not particularly encouraging.

According to Laing and

to introduce a new form of tax relief for investment in small businesses, others argue that it would be hetter to abolish tax relief on insurance premiums and thus put all investment on the same footing.

Any change would doubtless be resisted strongly by some members of the Cabinet Those in favour of the

Continued on Back Page

Lngineers begin national overtime ban today

BY ALAN PIKE, LABOUR CORRESPONDENT

trial action over the engineer- action. ing industry national pay claim begins today with an overricie

ban throughout the country.

The dispute will be stepped up a week today with the first O COMPANY LAW will be of a series of national one-day strikes designed to win a new minimum craft rate of £80 and a series of other improvements including a shorter working

> Mr. Alex Forry, general secretary of the Confederation of Shipbuilding and Engineering Unions which is co-ordinating the action, said that "without doubt" the overtime han alone would hold up production, with

exports bound to be affected. The Engineering Employers' Federation has not come forward with a minute move to avoid the dispute. It had chosen instead to wait and sec what happens in the helief that the unions may be only par- anniversary dates of companytially successfut in persauding level settlements, have offered

LONG-THREATENED indus- their members to join the

While the support of engineering workers hi blg plants in traditionally militant areas like Manchester and Sneffield is assured employers suspect that reaction may be much more patchy elsewhere. The position is further complicated by the fact that the action is starting when many workers in the industry, including thousands in the West Midlands, are in the middle of their annual summer holidays.

Confederation leaders are bound by tightly-framed conference decisions to obtain the minimum rate for craftsmen with proportionale rises for others, a and amhulancemen.
one-hour reduction in the The public service workers, days extra holiday and a common starting date for the new agreement. The employers, who want to ocgin the agreement on the

to raise the craft minimum from £60 to £70 per week.

Earnings of most engineering workers are determined at plant level, with the national agreement providing a minimum rates and conditions framework for the industry. Shop stewards now face the task of convincing workers who often earn well above the minimum rates that the national agreement is an issue worth taking action over. 6 On another important outstanding pay issue the Govern-ment is expected to publish on Wednesday the first report of

parability commission covering local authority, health service and university manual workers

Professor Hugh Clegg's com-

working week this year, two who received 9 per cent awards plus payments on account after disputes last winter, are due to receive 50 per cent of any comparability recommendation next month and the remainder in

S. African companies to take bulk of Sasol's share issue

BY QUENTIN PEEL IN JOHANNESBURG

oil-from-coal producer Sasol. sion of its synthetic fuel production programme.

The hulk of the issue— R490m—will take the form of a

private placement tn institutional and corporate investors in South Africa. The public share lssue, available to foreign investors, will amount to R35m. In splie of the size of the issue—it is by far the largest in South African history—the hitherto wholly state-owned Sasol seems confident that both sections will be oversubscribed. The company is forecasting a dividend yield of 7 per cent and

earnings growth of 12.5 per cent.

It is relying on the current

spread investor interest. The purpose of the share issue is to spread the burden of financing Sasol's latest expon-sion, the R3.3bn Sosol 3 plant. by bringing in private capital. Export credits are being used finance a further Reasm. The State Oil Fund, financed from fuel levies and direct government funds is making up the

SOUTH AFRICA'S pioneering commissioning of Sasol 2 early will evectually make consideroil-from-coal producer, Sasol. next year. The two plants able inroads on their South has announced details of its should hoost South Africa's syn-African market. The political their finance the massive expansion of its synthetic fuel production to 47 per sensitivity of the project, in cent of current liquid fuel revenleping South Africa to protect south a synthetic fuel proquirements.

> Sasol's production experienceforeign investment will be Africao Government to main-limited to the public share tain protective barriers for the Mr. Joe Stegmann, managing knownt to a minimum of 3.6 director of Sasol, said the finan-cial rand, available at a discount to the commercial rand, could be used for such investments.

But the private placement would be restricted to South African

institutions. One reason for the restriction on the private placement is that it will be made in four tranches. Mr. Stegmenn said this would spread out the effect on the Johannesburg capital market Institutional investors will contract to may for 40 per cent of their subscription on application. 40 per cent next year, and operations—it has produced oil the final 20 per cent in 1981, from coal at its Sasol 1 plant subscribers, including slice 1955—was running at an analysis of the subscribers of the subscribe

foreign investors, will have to pay spot cash. The decision means that such

national interest in the project direct oil company participation -and a spate of queries, par-ticularly from the U.S., on should prove attractive, given a virtual guarantee by the South indigenous fuel industry. They tents a litre.

Private placements open on August 15 and the public issue

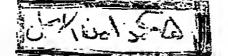
on September 28. ! The public share of the issue, at R35m, is R10m more than wiginally intended. This is due the amount of small investor interest.
The issue is heing handled by

South Africa's five major mer chapt banks. They are confident that It will be fully subscribed oh the hasis of their researches Mr. Stegmann said that international interest in Sasol's operations—it has produced oil slince 1955—was running at an unprecedented level because of the latest oil crisis.

"We are discussing the alance.

potential investors as the oil question of feasibility studies
The plant is lotended to come majors are less likely to take and subsequent licensing with a on stream in 1982 after the part, although Sagol production number of parties," he said.





Iraqi leaders 'executed' after conspiracy trial

Husselo, may bave already been diplomatic reports. executed.

Ayyasb, Ghanem Abdul Jalil. Mohammed Mahjouh and Mobie Abdul Hussein Masbbedi, all members of Iraq's Revolutionary in Beirut, President Saddam Command Council.

bad been tried by a seven-man Conneil on July 20 in Baghad ready been executed wes carried of the Council with Mashhadi, by Beirut's Left-wing daily As-Safir, which is well informed in Arab affairs. The newspaper pre-d'etat to seize power with the dicted many more executions soon. Other reports published in regime. the Lebanese Press vesterday put the total number of people arrested so far at 250.

Mr. Mashhadi, who was expelled from the Revolutionary functions and from the leader- part in the coup.

FIVE MEMBERS of Iraq's ship of the ruling Baath Party, bighest executive body who on July 12, and arrested four were formally accused on Saturdays later, was the one who day of plotting to overthrow the gave the rest away, according to regime of President Saddam the official announcement and

The announcement said Mr. The five alleged conspirators Mashhadi made full confessions are Adnan Hussein, Mohammed before a full meeting of the Avvasb Ghapem Abdul Jalil, Revolutionary Council, Baath Party leaders and cadres. According to Arab diplomats

Hussein convened an emergency The report that the five, who maeting of the Revolutionary extraordinary" court, bad al- and confronted four members help of an : unidentified Arab

> Ayyash was named as the liaison with the Arah country in question. He had reportedly lashhadi, who was arranged for this country to rom the Revolutionary send a unit of paratroopers other Government dressed in Iraq uniforms to take

Some 50 Iraqi officers, 100 Baath Party members, and several union leeders were to take part, according to As-Safir.

Portugal's

premier in a

male world

"I'll beli**e**ve it when I see it,"

sald one of Portugal's leading

politicians on being told that

tial candidate has ever been

a woman, and usually mili-tary at that, while all political parties there exclude women

from their leadership. Sra.

Pintasilgo has no official

party links and it is doubtful

whether, given the present state of Portuguese politics, whether she would have made

involved in stimulating the

Women as an effective

the promotion of women's

a 'new left' that will point

to a different attitude towards reality. They can thus be-come dynamic elements in the

reconstruction of the country

not only by just following the

road that men have begun but rather by breaking entirely new ground."

Her thoughts go a long way towards explaining some of the disquiet which the right-wing parties have felt with

her appointment.
For Sra. Pintasilgo's vision was directly linked to Portugal's special social and political

circumstances and particu

larly the transformations fol-lowing the military overthrow of the old regime on April

As a result of the coup. Por-tuguese women threw off their status as second class citi-

zens and became conscious of

their power and the oppor-

are still prophetic since a lot of ground has been gained in

itself on the primitive prin-ciple that all animals are

equal and defined women ac-

He stated that every Portuguese

was equal before the law "except for women," the

differences resulting either

from their nature or from

subservience was confirmed

in legislation which varied

from allowing husbands to open their wives mail to clemency for men who murdered their wives found

in or suspected of adultery. The 1966 Civil Code stated that

the husband is the head of

the family and as such he is

to decide and direct on all

matters concerning marital

life." Female access to the

labour market was restricted and women were legally

prevented from becoming

Portugal's present Constitution.

approved by a freely elected

constituent assembly in 1975,

lays down that no person can be discriminated against on

account of sex and that

judges or diplomats.

family interests.

The basic principle of female

constitution throughout

the meantime.

25, 1974.

By Jimmy Burns in Lisbon

Prime Minister.

woman

Arab diplomats are speculating that President Ahmed Hassan Al Bakr decided to step down on July 16 in favour of Mr. Saddam Hussein so the latter could deal with the plotters. Mr. Al Bakr was still in his post when Mr. Mashhadi was arrested.

The official statement said that due to the "national interest" the identity of the "external source" which allegedly provided the money to finance the conspiracy would not be revealed yet.

Observers here believe the allusion is to Libya, whose relationship with Bagbdad has been deteriorating for some

Since President Sadat's visit to Jerusalem in 1977, Libya and Iraq have been vying for the leadership of the Arab world.

Dayan in talks on Sinai forces

BY L. DANIEL IN JERUSALEM

Moshe Dayan will go to Wash-Stale Cyrus Vance to discuss the forces to be stationed in Sinai worries Jerusalem most at preforces to be stationed in Sinai sent is the fact that the U.S. Force is being withdrawn. A similar invitation has been extended to Egypt's Foreign

The Security Council did not renew the mandate of the 7,000-strong UNEF because of Russian objections, and the U.S. wants the UN Truce Observers (120 unarmed men) to take their

Israel objects to this since this group is subject only to the orders of the UN Secretary Geoeral and can be withdrawn by him without Security Council authorisation. as happened before the six day war. More-over the force is much too small to police the large buffer zone and, even if enlarged, it could comprise Russians or troops from other countries which broke off diplomatic relations with Israel and could not there-

fore be considered neutral.

The U.S. undertook, as part of the peace agreement, to constitute a multi-national force

ISRAELI FOREIGN Minister to supervise implementation of ington at the end of this week Union vetoed the continuation at the invitation of Secretary of of the UNEF mandate. What now that the UN Emergency seems to be reneging on an

also considered the conflicting reports from Washington regarding the latest U.S. position vis-à-vis the PLO.

Israel's Defence Minister, the agreement if the Soviet Mr. Ezer Weizman, did not Union vetoed the continuation participate in the session as be is bosting his Egyptian counterpart, General Kamal Hasson

The two Ministers are review undertaking given but a few ing the progress made so far months ago. in the Israeli evacuation of months ago. in the Israeli evacuation of The Israel Cahinet yesterday Sinai and considering implementation of the next stages. Weizman seems to favour direct co-operation between the two

Afghan Cabinet reshuffle

Taraki of Afghanistan has reshuffled his Cabluet and assumed special powers in an attempt to meet the growing threat of rebellion.

measures expected, but observers say the Ministerial changes indicate only a closing of ranks in the pro-Soviet Khalq Party leadership. President Taraki is taking all decisions on deference and the arrest party than a resident taraking all decisions on deference and the arrest party than arrest target than a resident target on defence and the armed forces himself.

Mr. Hafizullah Amin, the the Foreign Secretary who some observers expected to be purged, is promoted to Minister of Defence. Major Aslam Watenjar, a leader of last year's coup against former President Mobammed Daoid, moves from Defence to the equally infinential post

Another significant change is the promotion of Dr. Shan Wali to Foreign Minister.

More U.S. car men laid off

By John Wyles in New York

BETWEEN 5 and 6 per cent of the \$16,758 hourly-paid car workers in the U.S. will soon be laid-off indefinitely, after a decision by the glant General Motors to lay-off 12,600

The GM lay-offs will bring the total number of lay-offs by Detroit's big three car companies to 44,100. Chrysler Corporation has sent home 19,200 nr 14.5 per cent of its hourly-paid labour force, and Ford Motor Company 12,300 or 6.6 per cent nf its total.

Mr. Irving Bluestone, vice-president of the United Auto Workers and head of its General Motors department. blamed Congress for failing to enact a "sensible energy programme" when the need first became apparent several

years ago. Mr. Bluestnne was implying that the industry was a victim of the great public concern about petrol shortages which has dominated the past three months. The other probability, bowever, is that infiation ailled to a siow-down in personal income gains is entting back con-

sumer spending.

The total number of layoffs at GM will be offset by the addition of 2,580 jobs at the company's new Oklahoma City plant, which is producing its new "X" hody compact

U.S. Greek bases threat

BY OUR ATHENS CORRESPONDENT

make further operation of U.S. tional upon renewed member- Nato. ship of the military wing of

Greece has also rejected posts were to have replaced Greece claims this egreement those closed down after the is impractical. revolution in Iran.

Nato, Greece had full command tember.

THE GREEK GOVERNMENT responsibility over the eotire

appeara to have decided to Aegean. Turkey, which had considered this unfair, is now military bases in Greece condi- blocking Greece's return to Since 1977, bowever, an

agreement has been in operation giving Greece and Turkey recent American requests to command over their own; air install new electronic observa-tion posts, according to an bility for international air space authoritative Greek military in the bands of a Nato com-spokesman. The observation mander from a third country.

The Greek Government is The refusal follows a stale- evidently annoyed by what it mate in negotiations for considers a continuing Ameri-Greece's re-entry into Nato's can tilt towards Turkish views military structure, from which and bas turned down U.S. it withdrew in August 1974 in demands for expanded transprotest over Turkey's invasion mitting facilities. The matter will come to a head when Nato Before its withdrawal from experts visit Athens in Sep-

Polish economy hit hard

WARSAW—Poland yesterday tionally the weakest feature of announced some of its worst the economy, did not increase economic figures for years, at all, although output was suprevealing that a hitter winter had dealt a deadly blow to industry, agriculture, construc-

tion and transport.
A report by the main statistics hoard on the first six months of 1979 showed almost no growth so far, in a year when planned expansion was among the lowest sioce the Second World War. Industrial production, ex-

year. Consumer goods, tradi- Reuter

posed to rise by 7.7 per cent.
The number of cattle decreased by 0.6 per cent, compared with a year ago, pigs by 2.3 per cent and sheep by 0.7

per cent. The report also said this year's grain harvest would be lower than last year, neces-sitating further costly grain imports.

pected in rise this year by 4.9

per cent, was only 0.6 per cent
up from the same period last
of last year.

Housebuilding was down hy
11 per cent from the first balf
of last year.

Indian politicians vie for power

BY K. K. SHARMA IN NEW DELHI

MR. CHARAN SINGH struggled yesterday to form a coalition said: "The support announced Neither Mr. Charan Singh nor sovernment in India after the by our party was for Mr. Charan the official Congress is bappy effective boycott by six of the seven Congress Party nominees Mr. Singh was sworn in." This to the Cabinet of the swearing-in. suggests that Mrs. Gandhi's Congress (I) Party—the "I"

Mr. Charan Singb was sworn in as Prime Minister on Saturdey with seven others in his newly formed Janata (S) Party -the "S" stands for seculer. Among those sworn in was Mr. Y. B. Chavan, the only member of the Congress Party to join the new Cabinet so far. Mr. Chavan bas been designeted Deputy Prime Minister in

Other Coogress nominees Since she can topple the stayed, mainly because of strong coalition by withdrawing her of confidence in parliament, objections raised by Mrs. Indira support, Mrs. Gandhi bas confidence in parliament, of confidence in parliament, of confidence in parliament, and the confidence in parliament. The confidence in parliament of confidence in parliament, and the confidence in parliament of confidence in parliament, and the confidence in parliament of confidence in parliament. ministers of her former Government who had later testified of it. She did so even before the then be asked to form the against ber in Commissions of Inquiry into charges against Singh cabinet were sworn in, the laber.

Singh cabinet were sworn in, the laber.

etely stayed out of the coalition to gain the upper hand.

already started making full use lapse and said that he should nine members of the Charan

son Sanjay be withdrawn.

The new leader of the oppo-

FINANCIAL TIMES published daily except Sundays and holidays. U.S. subscription rates \$35.00 per snnum. Second class postage paid at 800 York, N.Y. and at additional making government, since he headed the largest party in the Lok

NIGERIA'S DRIVE TO CURB IMPORTS

Britain begins to feel the bite

1978 budget, was most effective ping Conference, which handles

monthly figures now showing signs of improvement

NIGERIA'S efforts at reducing UK imports, at an average of imports are finally showing substantial signs of success following a series of austerity measures introduced by the which was foreshadowed in the Government of Lt-Gen 1978 budget, was most effective Olusegun Obasanjo.

49-year-old spinster Marie de Its programme of recovery began formally with its April, Lourdes Pintasilgo had been appointed tha country's new 1978, budget, which cut back The cheuvinist reaction was not sought to curb the flow of entirely unpredictable in a imports and the drain of country where politics has currency into foreign bands. traditionally been a male reserve. Only 7 per cent of the This was followed last April with a new budget refining many measures brought in during the previous year. Portuguese Parliament comprises women. No presiden-

In the new budget, Maj.-Gen J. J. Oluleye, the Federal Commissioner for Finance, described the then-existing situation as "relatively happy," but added that further constraints were required "in the light of the experiance gained in administering the measures introduced last year.'

the grade other than as any-The new budget placed under import licence restrictions a wide range of finished goods and foodstuffs ranging from perfumes, cosmetics and buildthing but an independent. have recently obtained an unpublished paper which Sra. Pintasilgo wrote in 1974 when she was Minister for Social ing materials to butter, cheese, Affairs and already deeply frozen meat, grains and rice.
As a further safeguard, the Government last December bired the Societe Generale de Surveillance, the Swiss-based customs pre-inspection company Commission on the Status of government department for to police at their points of origin On the role of her sex in society she said: "Within the revolution women can form al major foreign cargo ship-ments bound for Nigeria.

The cumulative effect of these measures has been to slash Nigeria's imports from the UK by some 60 per cent ever the first balf of this year to £237m, an average of £39.5m per month. This compared with last year's total of more than £1.1bn in

An important factor was the betkeen the UK and Nigeria, curbing of "over invoicing," says that it was moving seven under which Nigerian importers to eight shiploads of goods per Nigeria's austerity measures have reduced imports from Britain to £237m in the first six months of this year, a 60 per cent drop from last year's total figure of £1.1bn. The UK Department of Trade is optimistic that the position will improve in the second half with

in putting the brakes on the

flow of imports.

complexity of introducing pre-shipment inspection has played

a central part in slowing down the overall processing of incoming shipments.

Mr. H. B. Newman, the managing director of SGS in the UK, said the pre-inspection to the UK. the UK, said the pre-inspection of the UK, pany, which has been in business says it has lost virtually all its for a dozen years, described the cargo charter business, and is now moving freight to Nigeria tract, but part of a bigger only in the holds of its picture" in Africa.

Ghana, Kenya, Zaire, and the Ivory Coast. Tanzania the

would appear to pay more for month to Nigeria 18 months ago, goods ordered merely as a or well over im tonnes of goods means of moving excess cash annually. This declined to about out of the country.

But the aims of the policy year. This is only just now apart, the sheer administrative complexity of introducing prehopes that by the end of the year it will be back up to about 75 per cent of the 1977 ship-

share of all sea-going cargo

with a staff of 600 in the UK Through the 127773 fiscal (SGS has 8,000 working interpretationally) ensuring that intons of cargo to Nigeria, about the description of the goods charter flights.

Through the 127773 fiscal year, BCal moved some 8,000 nationally) ensuring that intons of cargo to Nigeria, about the description of the goods charter flights.

The business downturn is as handled numerous African much attributable to the SGS.

national accounts, such as pre-inspection programme as to Ghana Kenya, Zaire, Tanzania the Nigerian Government's

The downturn in experts from priority goods brought hato the Britain is borne out by the country be moved by ship rather Probably more than any other experience of the major ship than by more expensive air

Financial Times Monday July 30, 1979

measures, the SGS agreement, ping companies themselves. transport, a BCal official sate ring companies themselves.

The UK-West African Ship while the snippers, generally ping Conference, which handles are concerned at the loss of about 85 per cent of the market prisiness, they readily acknowshare of all sea-going cargo ledge this the excesses associated betkeen the UK and Nigeria, with the mid-1870s Nigeria oil about 85 per cent of the market with the mid-1870s Nigerian oil boam led to a chaotic situation. At one time it was satimated 400 ships were laid up pusside. Lagos, some having to wait nearly a year to discharge cargo. The backlog was so serious that BCal and other carriers found themselves fights in shipments of cement and cars, goods that otherwise would always be moved by sea.

Britain's Department of Prade is concerned at the exports downturn, given Nigerial evoluting economic priorities. Exitain has fraditionally enjoyed its largest trade surplus with Nigeria, and if seems certain this will be seriously reduced by the year end. For example, in 1977 Britain's Nigerian exports exceeded imports by a £1.06bn.£219m ratio, and stood at £1.13bn.286m for last year.

month of the SGS agreement, to a low of 28m in April, but this rose to £33m in May and 53m in June.

half each on scheduled and it is hoped that the worst of charter flights.

The teething troubles associated

Te husiness downturn is as with the austerity frive are now

UK mission urges development | S. Korean of Brazilian coal resources

BY DIANA SMITH IN RIO DE JANEIRO

A BRITISH coal mission bas spent a week in Brazil at the invitation of the Government, inspecting the country's coal mining area and bolding pre-liminary talks with senior officials and technicians.

Initially, the mission has offered to advise the Brazilian tunities opening to them.

Five years after the coup, with the Portuguese political system moulded to western style democracy, the revolution looks like having tallen by the wayside. It retrospect though Sra, Pintasilgo's words are still prophetic since a lot Government on a broad spec-trum energy plan within which a rational coal utilisation plan would be dovetailed.
This would include alter-

native uses of coal, such as gasification, liquefaction, fluidised bed combustion—a technology for which the UK bas advanced methods—conversion of
existing oil burning equipment

since ntilisation as: an alternathe Salazarist Regime based to coal for the cement industry. personnel, and selection and

P. Finlayson, deputy managing

20bn tonne coal reserves, The coal is low grade, with a high sulphur and ash content.

reserves in the far south several bundred miles from major industrial centres, as well as in the rudimentary, labour-intensive mining techniques. The British coal mission feels

is paying to the balance of payments, sorely affected by oil imports, and debt servicing which this year, could raise the current account deficit to \$8hn. The authorities are keen toavoid massive ontlays of foreign

ments. British experts, can be converted to coal firing without mission feels it has a strong

The increased use of coal in

expected to increase in the

medium term until the use of alternatives, such as nuclear

Amsterdam.

exchange on energy develop-

reduced to \$15.100 the year,
disc export target for the year,
while raising the import fore
cast by \$400m to \$18.9bm pointing to a trade gap of \$3.9bm, for the full year.

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is reported in Swiss exports of fad."
is reported in Swiss exports of fad."
ready-made clothing this year
so far, with sales to foreign
markets down by 8.2 per cent
to Swir 234m (£60m). This
decline, according to a statement put out by the Associetion
of the Swiss clothing industry,
took place despite an increase took place despite an increase of sales to West Germany— which now takes 45.5 per cent of all Swiss clothing exports and to such major markets as the UK and Japan.

imports into Switzerland rose by
4 per cent to Switzerland rose by
4 per cent to Switz 887m, leading to a record semi-annual
foreign-trade deficit in this
sector.

NOW YOU'VE READ THE F.T. LISTEN TO IT. THE PINANCIAL TIMES INDEX & BUSINESS NEWS STATED Look for the number in your phone-book Post Office Relecommunications

Downturn in exports of Swiss clothes AN "unfavourable development" [Stelling by rail

At the same time, clothing

annual unloading capacity of its sector.

Rotterdam terminal by 10m. Particularly important were tonnes to 22m tonnes by 1981. the increased West German and

charge of bome affairs. Other Coogress nominees

Singh to form the Government. That chapter closed the momant

Mrs. Gandhl bas already started showing the power she wields. The coalition between the Janta (S) and the official Congress can bope to form the government only with aupport attempting to topple the govern-from Mrs. Gandhi's breakaway ment. In a broadcast yesterday, Congress (I), which has 69 Mr. Ram said Mr. Charan members in the Lok Sabba Singh was in a minority and so (lower house of parliament).

A spokesman for Mrs. Gandhi intends to keep the upper hand. Neither Mr. Charan Singh nor about this, but there is little they can do about it. They ere likely to find the going even barder once Mrs. Gandhi asserts berself more, demanding that stands for Indira has deliber- cases against herself and her

> sition, Mr. Jagjivan Ram-who now heads what remains of the Janata Party after the resignation as its leader by Mr. Morarji Desai last Fridey-is also Mr. Ram said Mr. Charan could only form a caretaker Government until he won a vota

Other legislation in the pipelin is an Equal Opportunity Act member of one of Portugels leading women organisations told me: "The Constitution

volition

the last to be employed." appointment of Sra. Pintasilgo Portuguese women bave at least some ground for bope.

The mission was able to assess, after on the spot inspec-

working of the most appropriate The mission was headed by Dr. J. Gibson, of the National Coal Board, and included Dr.

director of Coal Processing Consultants (jointly owned by the National Coal Board and Woodall Duckham), Mr. W. Ryder, challman of Woodall-Duckham, Mr. H. F. Keily, of

Holland seeking Polish imports BY CHARLES BATCHELOR IN AMSTERDAM THE NETHERLANDS is negotiating the import of 600,000 in this contract are equivalent to about 15 per cent of current

husbands and wives share equal rights and responsibility towards their children and Netherlands which would use towards each other. the coal to fire two powar stations due to be built. The new Civil Code, which came into force in April last year, Dutch Government approval has now been granted for the confirms women's equal rights within the family. The wife can now choose when and where to work, be admitted into the higher echelous of the Civil Service, and can leave the country of her own banks who are financing the deal to advance funds to the Poles, Mr. W. Peek, director of SSM said. He could not confirm reports that an advance of FL100m

There have also been radical changes in legislation governing divorce and illegitimacy no aasy task in a country where the Catholic Church still wields considerable political as well as spiritual

The new Civil Code has annulled the concordat with the Holy See, which had prevented those who had married with the Catholic Church from getting

is one thing, the other is the reality of Portugal's economy. Portuguese women are still the first to be dismissed and is doubtful, given Poru-găl's self-imposed austerity wbether this pattern will change dramatically in the short term. But with the

tion of Brazil's coal mines and

techniques, what range of ser-vice Britain might offer. The challenge is now considerable, since the financialimplications of this year's OPEC increases bave become apparent. This has moved the Brazilian Government to tree-ently study all alternative field.

sources, particularly Brazi's tive to fuel oil for industrial

economic. Now, however, domestic coal has been made a high priority, essentially for an alternative to fuel oil in the cement industry, which consumes 26 per cent of all fuel oil.

Boilers, according to both Brazilian technicians and the

undue financial ontlays or tech- case for Brazilian acceptance of Duckham, Mr. H. F. Keily, of Brilish Mioing Consultants, and Dr. G. G. Thurlow, of the NCB's Coal Research Establishment. The essential problems lie not the emphasis on coal ntilisation only in the coal's poor quality is to be conversion of the but also in the location of cement industry.

The quantities of coal involved portad through Rotterdam and year over a 10 year period in a consumption of steam coal in power stations fits in with deal which would be worth about \$24m at current prices. Polish coal is currently the use of gas for electricity Steenkolen Scheepvaarimij slightly more expensive than generation, though oil use is

Steenkolen Scheepvaartmij slightly more expensive than (SSM) of Rotterdam, a part of the SHV trading and transport \$37 a tonne cif, but importers group, said it is in the early are keen to diversify their stages of negotiating with sources of supply, Mr. Peek Poland and with utilities in The sources of supply, Mr. Peek power said. High freight charges make up.

Australian coal nneconomic. A major coal and ore handwhile British and West German ling group in Rotterdam has announced plans to expand the announced plans to expand the take \$50,000 tonnes of coking coal a year for 10 years from

Polish coai is 25 par cent cheaper than natural gas and 30 per cent cheaper than oil, SSM sald. The coal would be im-

SHIPPING REPORT

(£22m) is being discussed.

VLCC rates moderate

BY LYNTON McLAIN

moderated last week from the despite the large number of peak of two weeks ago, but demand for smaller tankers was maintained in most world markets. The downward movement of

demand by charterers for vessels avallable for immediate loading out of the Gulf. Interest picked up towards the end of the week, however, and ioquiries and orders stopped rates falling to the low Worldscale 50s as had been

After the owner of a 220.000-

deadweight-ton tanker offered

rates resulted from a lack of

Worldscale 55, rates for firm charters fixed at between Worldscale 60 and 63, the rate varying with vessel speed. These rates compared with the six-year peak of Worldscale 100 recorded almost three weeks charters. Owners may be able

feared earlier.

FREIGHT RATES for very believe that August would show large crude carriers (VLCCs) rates with a favourable return, from 80,000 dwt to 120,000 dwt were maintained by high demand last week. BP paid Worldscale 185 for a shipment of 82,000 tons of fuel oil from

the Gulf to Australia. Brokers were confident that this rate structure would remain. Trading in the Mediterranean was active, particularly for the 100,000 dwt and 120,000 dwt vessels. Here, as in other areas

tanker owners took more part

cargoes. Activity in the Caribbean Sea area, bowever, was less ective in all respects. On the product carrier market, there was active demand for several period ago. Nevertheless, the rates for to gain between \$13 and \$14 last week enconraged owners to for one-year time charters. it is captionally optimistic, however, that an upward trend in erports is beginning to return to its Nigerian trade. The southbound flow of goods fell from £70m in January, the Bist

n much attributable to the SGS ever and that there will be a spre-inspection programme as to steady improvement for the rest the Nigerian Government's of the year, in support of order that all but the highest Britain's \$250 in investments in

deficit increases. By Ron Richardson in Secul.

deficit of \$2.90n (£1.30n) in its merchandise trade in the first half of 1979 compared with a AC attac shortfall of only £757m in the AC attac that as long as planning is methodical and cost effective. ness stressed at every stage Braff's coal can be usefully developed.

Imperts of foreign expertise and equipment, in the initial largely reflecting liberalisation of imports to \$9.7bn, lailing two investment, but Dr. Gibson, for one, feels that initial heavy outlays will be justified by long term savings of oil derivatives.

A stumbling block to these ambitious plans may be the new close attention the Government static at \$1.28bn while imports to \$1.000 to the creased 18.8 per cent to \$6.80n.

During June, exports remained static at \$1.28bn while imports to \$1.000 to the creased 18.8 per cent to \$6.80n.

SOUTH KOREA incurred a

Static at \$1.28bn while imports the policy of showed a slight decline
showed a slight decline
Exilier this month the
Economic Planning Board
reduced to \$15.10n the merchan

tonnes to 22m tonnes by 1981.
Europees Massagoed Overslagbedriff (EMO), which is also
partly owned by SHV, will
spend Fl 45m (£12.8m) on a
third unloading bridge and
stacker/unloader from PobligHeckel-Bleichert Vereinigte
Machinenfabriken of Cologne
and on extending conveyor beit
and weighing facilities.

Particularly important were
the increased West German and
Italian deliveries, while the
repudly growing imports from
Asiatic countries showed a
downward trend, only faiwan
noticeably increasing its exports
to the Swiss markets. The share
of Asiatic clothing manuacturers in total Swiss cuttling
imports fell from 16.6 13.4

HE

i - tracet

Domina

exports of

1115

1.17 30

UK NEWS

the bite Banking Act starts from October 1

BY DAY TO FREUD

which wish to continue taking instrument had been made to deposits must apply for that effect. authorisation within the following six months, by April 1, 1980. Institutions which have not applied by that date must then stop taking deposits.

In a Parliamentary Written been dealt with.

Answer, Mr. Nigel Lawson, The delay is because the and "licens Financial Secretary to the size of the levies to finance the institutions."

By Our Consumer Affairs

THE IMPACT of the Budget is

likely to slow the increase in

real consumer spending to

about 1 per cent in the second half of 1979, according to stock-broker Phillips and Drew. A

further slowdown is expected in

. The broker in its latest reyiew of retailing, says that al-though disposable incomes will receive a substantial hoost from

the reduction in direct taxation

-particularly in the fourth quarter of 1979 when the main

tax rebates are due-this will

be offset by the increase in in-

that the VAT increase alone will

add 3 per cent to the retail

price index. The likely reper-cussion will be to put pressure oo gross margins. But in food

retailing, where gross margins

have been widening slightly to

absorb rising costs, this trend is expected to continue in spite

RAC attacks

Channel tunnel

THE ROYAL Automobile Club

of sluggish demand.

rail-only

THE MAIN provisions of the number of deposit-taking force on October 1.

Banks and other institutions

Treasury, said the first, second scheme cannot be fixed until and most of the third parts of the number of deposit-taking the Act would come into operation on October 1. A statutory

The Banking Act, which

that effect.
The remaining provisions, dealing mainly with the Deposit Protection Scheme, would come into operation within six months.

The Banking Act, which received Royal Assent at the beginning of April, provides a statutory framework for the

The Act, which grew out of or as soon as most opplications the 1973/74 secondary banking for deposit-taking authority bad been dealt with.

The delay is because the and "licensed deposit-taking and "licensed deposit-taking the control of the c

November closure Brake effect of Budget for sugar refinery put at 1%

BY IOHN EDWARDS, COMMODITIES EDITOR

TATE AND LYLE is to close its Walkers sugar cane refinery at losses have been in Scotland and Greenock in Scotland in Nov- Northern Ireland, traditionally

Walkers, the smallest of its refineries. four remaining UK refineries

The combined workforce will in the two regions to 140,000 be cut from 330 to 393 employees by early retirement and

voluntary redundancy.
At the same time, Tate and
Lyle is helping to expand a Scottish electronics company al Greenock which is expected to provide 150 new jobs over the imports has not materialised, next five years. The present united, they have risen to over workforce is 20. Phillips and Drew estimates

Tate & Lyle claims that a rise

serviced hy

In Northern Ireland, imports 110,000 tonnes, is to be merged with Tate and Lyle's other Scottish refinery at nearby Westhurn, where capacity is being increased to 140,000 tonnes.

The combined was a supplied to the Irish Sugar, imports the Irish Sugar, purports the Irish Sugar, pu

tonnes, while the present production capacity of the Scottish refineries totals 250,000 tonnes. Tate and Lyle has already reduced refining capacity, mainly at Liverpool The hoped-for decline in EEC

same time, the depressed world in EEC sugar imports reduced sugar market has meant heavy UK exports, and that a decline losses on exports, which have in UK sugar consumption to fallen from over 200,000 tonnes 2.4m tonnes has created.

surplus production or over year. The company expects to 100,000 tonnes costing the group lose £1.5m on exports this year alone, even at the reduced level, 2.4m tonnes bas created, a in 1976 to 55,000 tonnes this

Avon plans £1m expansion for polymer factories

part of Avon Rubber, is to expand its plants, at a cost of film specialised product groups in because of a rapid growth in the UK, Europe, North America domestic and export business.) and Japan.

the Transport Minister, that it opposes lalest plans for a rail-production at its Melksham and only: Channel tunnel without facilities for moving road tehicles by train.

The company will increase modern facilities of their type in production at its Melksham and Chippenham factories in Williams chairman factories in Williams chairman factory.

"We now have the most modern facilities of their type in Europe and we are convinced that there is a very exciting long-term fulure for our husiness."

Mr. Jack Williams, chairman of the RAC's policy committee, has written to the Minister calling for consultation with road transport interests about the plan.

A rail-only tunnel on the basis now proposed by British Rail will not benefit those motorists who take their cars abroad and neither will it belp commercial road transport.

"It could prove to he the most expensive white elephant ever built, for the viability of the project would rely entirely on firms' switching their freight from road to rail, and passen-gers' travelling by rail instead of hy road." AVON INDUSTRIAL Polymers, "We see a strong and continu-

director, said: "During the past three years the investment made by the Avon rubber group In non-tyre activities has enabled us to accelerate our growth.

Mr. Brian Stacey, managing sion, Avon states, are increases in demand for golf grips, milking machine components, plain paper copier rollers and new contracts from UK and Euro-pean car builders for Avon's

seals-mainly for windscreens.

Women's work scheme expanded

THE Wider Opportunities for The scheme re Women scheme—so far avail- in skilled trades. aute m Birmingham and Cardiff
—will be extended in the autumn to Bath, Coventry, Harrow Hendon Leeds, Oxford, Newcastle, Stockton and Billiogham.

In astilled trades.

A Manpower Services Commission report published yesterday says the pilot courses in Birmingham and Cardiff, helped women readjust to the working ham.

The scheme re-trains women

The more you give to the less you give the taxman.

Make a large donation to the RNLI and there are ways you can make the taxman more charitable.

1. Capital Transfer Tax. You don't need to pay capital transfer tax on a gift to the RNLL However, if you die within a year of donating the gift, capital transfer is payable only on the amount by which your total gifts to charities in that year exceed £100,000

2. Capital Gains Tax. Transfer property or shares to the RNLI and there's no capital gains tax payable on the increase in the value of these

assets since you bought them. 3. Income Tax. If you enter into an agreement to make an annual donation to the RNLI for at least six years, we can recover the income

amount of your donation. Remember, the RNLI is entirely supported by voluntary contributions and we desperately need to buy more lifeboats which are now costing over £250,000 each.

tax you have already paid (at the standard rate) on the

For more information contact: The Director, RNLL, West Quay Rd., Poole, Dorset BH15 1HZ.



1,000 more garages may close By Our Energy Correspondent

A FURTBER 1,000 petrol

stations could close this year in addition to the 1,400 which ceased trading in 1978, the Motor Agents' Association has

The association has told the Department of Energy that closures might be caused by the way oil companies allocate supplies. Smaller and medium sized filling stations are losing aut on deliveries hecause allocations are based on last year's sales. on last year's sales.

However, during 1978 the oil industry was engaged in a price-critting war and the larger filling stations were receiving subsidies from oil companies in order to maintain sales.

The association is taking np complaints with the Department, which is to investigate the procedure for allocations, "Many members feel they are being unfairly treated by their oll dompany suppliers," said Mr. Beh Pearson, the association's director of petrol

Store freehold sold for £17m in leasing deal By Andrew Taylor

RAYBECK, the fashion retailer and manufacturer, has agreed to sell the freebold of its Bourne and Hollingsworth store in Oxford Street to Equitable Life

Assurance Company for £17m. Equitable Life (which has acted in association with Scottish Amicable Life Assurance) will lease the store back to Rayheck at an annual rent of

Mr. A. Simons, Raybeck's deputy chairman, said the rental was about half the current market rate for the store.

The lease is to run for an initial period of 35 years but with a maximum possible life of 200 years. Rent, 10 bc reviewed every five years, will be kept at half the current market rental over the period of the initial

Involvement

Although it will no longer own the freehold, Raybeck will retain its freehold rights for half the store ensuring involvement in future development decisions. Mr. Simun said that after taking into account overdrafts and horrowings raised to meet Rayheck's f12m acquisition deal of the store group last year, the group will be left with around

film from the sale and lease-He said the group would now look around for new investment

opportunities.
Raybeck last September acquired the leasehold of the Oxford Street store as part of its f11.3m takeover of Bourne and Hollingsworth. The group suhsequently paid another £750,000 to buy the freehold. Mr. Simon said that the store was now worth around £30m.

Parliamentary system 'hamstrung'

Financial Times Reporter

BRITISH INDUSTRY is hamstrung by a Parliamentary sys-tem which is unequipped to take major policy decisions, says Sir Richard Marsh, chairman of the Newspapers Publishers' Associa-

Politicians are unable to look at commercial issues "in a rational and numerate way," he says in the latest edition of the husiness magazine Industrial Management.
He claims that the structure

of Parliament has remained reof Parliament has remained re-latively unchanged over the past 250 years and is nol geared to the type of managerial decision-making process required today. "What we have are 635 people from different backgrounds having a sort of chal four days a week and a Cahinet which is not much better. The whole thing is totally in-

effectual." As a result, he claims, Parliament is becoming less relevant in industrial matters and the National Economic Develop-ment Council probably carries more influence over prices and incomes than the House of Comnons—" and rightly so."

Home buyers seek advice

MORE THAN 100 callers a day are seeking home huying advice at the Greater London Council's home ownership office in Covent Garden, which gives details of homes for sale, home loans and the GLC's homestead-

ing scheme.

The office was opened three weeks ago by Mr. John Stanley. Housing Minister. More than 1,500 people have visited, seek-ing help and guidance.

Mr. George Tremlett, leader of the GLC Housing Policy Committee, said the response from potential home buyers showed what a positive role the office could play.

Merseyside 300-acre dockland site will be let to council

BY ANDREW TAYLOR

MERSEY DOCK and Harbour Company has decided after all to go ahead with its plan to let 300 acres of former dockland to Merseyside County Council.

Last month Sir Arthur Peterson. Mersey Dock's chair-man, fold shareholders that other options for the disposal of the South Dock site were to be considered. This followed the Govern-

ment's decision to scrap the Community Land Act under which the Council would bave been able to compulsorily acquire the site if a lease had been refused by Mcrsey Dock. However the company has now decided to go abead with the letting at an annual rental thought to be hetween £300,000 and £400,000.

a 60 per cent write-down of Tha council is expected to approve the terms of the lease, to run for 150 years, at its August 7 meeting. The council will also have the right to acquire the freehold after January, 1995 — or earlier if

within the area which contains some 3.5m square feet of huild-ings. A council spokesman said that encouragement will be given to the retention and growth of existing firms and employment in the South Dock. A number of redevelopment schemes are also being considered. These include a trade

industrial firms already operate

centre and office complex at Canning Dock and a leisure centre and hypermarket. The council also proposes to develop a maritime museum on the riverfront at Canning Dock. The deal is significant for Mersey Dock which in 1995 faces its first interest hill payable on loan stock issued after the company almost went hust in 1970. It was only rescued after a capital reconstruction involving

capital and the issuing of loan stock carrying a 10 per cent The injection of cash from the the letting comes after the company incurred a £1.47m pre-

the company so requires. tax loss last year after re Around 100 commercial and dancy payments of £2.7m. tax loss last year after redun-Company law to move

closer to EEC rules BY CHRISTINE MOIR

brought closer to EEC practice consultative paper.
next month with the publication. promised by the Government, of a consultative document covering proposed changes in accounting principles and disclosure regulations.

In particular it will outline the relaxation of disclosure rules for "proprietary" com-panies: small companies managed and owned by the same people. Details of these changes were omitted from the Companies Bill, which will have its second reading in the House immediately after the Parlia-

COMPANY LAW will be to include that element in the The timing of the paper

means that the next Companies Bill, which will implement the EEC's Fourth Directive, is likely to come before the House in autumn next year rather than

The Fourth Directive is the chief instrument for barmonis-ing rules for formation and supervision of companies throughout Europe.

It includes provisions for several tiers of companies, the lowest of which would be proprietary companies. They would mentary recess.

At its first reading, Lord formation in their accounts than Trenchard, Minister of State for large public companies and would face less stringent audit-

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Coatings.

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Kenitex weatherproofs and decorates. It is applied in one quick spray application, without inconvenience, up to 20 times thicker than ordinary paint. Kenitex seals holes and cracks and hides huilding defects, yet does not conceal the original architectural lines.

Shet form of the last war, in the U.S.A., and now manufactured in 34 countries, there are over six million to be used in the U.S.A., and now manufactured in 34 countries, there are over six million the U.S.A., and now manufactured in 34 countries, there are over six million in the U.S.A., and now manufactured in 34 countries, there are over six million in the U.S.A., and now manufactured in 34 countries, there are over six million in the U.S. as well as commercial and industrial huildings throughout the world. In the U.S. variety of beautiful modern colours. Kenitex performance is hacked by Agreement Certificate 79/628. The cost is surprisingly low—ohtain free information by phoning of the contribution of the U.S. as well as commercial and industrial modern colours. Senites performance in all weather conditions.

Shot from a gun

Kenltex is factory guaran-teed for 15 years against chipping, flaking and peel-ing. It is extremely flexible ing. It is extremely flexible and withstands all normal building expansion and con-Actually shot from a gun, Kenitex fuses to the building walls. It is available in a

Certificate 79/628. The cost is surprisingly low—ohtain free information by phoning 01-570 4805 (34 hrs.) or writing to Kenitex Chemicals (UK) Ltd., Dept. F, Freepost, Hounslow TW4 5BR (no stamp needed). Qualified contractors throughout the U.K. are prepared to quote without obligation and home improvement loans are avail-able. A limited number of dealerships are open for en-terprising companies to take on sales and application of Kenitex throughout the United Kingdom.

WANTED

JOINT VENTURE INVESTOR

We are considering odmitting o compotible investor to join in our acquisition and improvement program of existing high rise office buildings and apartment complexes in good U.S. locations. Primory objective is long term goins. For references and . performance history, please contact:

Maxwell Bruce Drever DREVER, McINTOSH & CO., INC. 110 Sutter Street, Suite 905 San Francisco, California 94104

Business information... where can l get the answers I need?

The Financial Times as the businessman's newspaper, is probably one of your prime sources of information. But often, you will need to go deeper and cast the net wider; and, to that end, the FT can help you even more by putting its own information centre at your disposal.

Over the years we have huilt up an extensive library and a network of information contacts

which is almost certainly unequalled elsewhere in the business community. We have developed a research centre of people experienced at using these resources and matching them to particular husiness needs. This FT information service can now be made

available to afurther limited number of subscribers who will be given direct access to the research staff through an ex-directory number.

The scope of our service is so broad that it is best explained through demonstration and discussion, hut two examples of how our current clients make use of the service may help to clarify the possibilities.

Client A: A Merchant Bank A merchant bank finds we can supply the

back-up information needed to analyse individual companies as prospects for investment and loans. Not only in the form of 'hard' dctail on the published financial standing of a company but also the 'soft' information gathered from press coverage of their

policies, the people who own and run the company and their new product development stance.

Sometimes the information available to the FT information service is so 'live' it has not yet percolated through to the business community at large. The bank also finds we are the authoritative source of foreign exchange rates, which are often needed as far back as 5-10 years.

Client B: A leading Advertising Agency A leading Advertising Agency looks to us for information on new markets which are being investigated for the agency's clients, and data is drawn from many sources gathered together at the FT. Interpretation and analysis of the information is also provided when required. Frequently this research has to extend he yound the UK and here our worldwide network of contacts becomes extremely useful. The agency also finds we can brief them on organisations who are their potential clients, right down to autobiographical details on

There are of course, many other possibilities and our clients cover the entire field of husiness and industry. It would certainly be in your company's interests to join the exclusive circle of well-informed organisations we serve. Why not telephone the Financial Times Business Information Service and discuss the facilities in greater detail with us.

From the FT Business Information Service

Name **Position**



If you would prefer to have a brochure . . . please have your secretary type or print your name and address below and send it to THE SALES DEPT.

FINANCIAL TIMES

the senior managers.

BUSINESS INFORMATION SERVICE Bracken House, 10 Cannon Street, London EC4P 4BY

would have been lost without us.

gramme along the lines that

brought it an overwhelming vic-

tory in 1945, Mr. Anthony Wedg-

This was the aim of the party

"I am a mainstream member

reforms for which be was now

of the Labour Party . . . l want

to see another '45 gext time. I

want workmanlike, democratic

reforms to enable us to deal with the period of chaos that

wood Benn said yesterday.

in merger

Phoenix Staff Union bave voted

aeven-to-one to amalgamate

and Finance Union.

(Amalgamations) Act.

BY ALAN PIKE, LABOUR CORRESPONDENT

MEMBERS of the 2,500-strong competitive finance.

Insurance union

July 31—Ang. 4... Aug. 5—8 Aug. 17—19 Aug. 19—23

Offshore Europe Exhibition and Conference (01-549 5831)
Point-of-Sale Exhibition (01-340 3291)
International Carpet Fair (021-705 6707)
International Inplant Printing Show—REPRO. WORKSHOP (01-647 1001) Sept. 16-19

Firetech '79 International Fire Protection and Brighton Exhibition Centre Control Exhibition (01 637 2400)

Weightech '79 (01-686 5741)

Metropole Exhibition

The International Hardware Trades Fair is to be held at Olympia from September 7—12, 1980, not this year as listed last week.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

ug. 7—11		DROBD
110 Q1A	Computer Exhibition (01-930 7955)	Hong Kon
ug. 11—19	Austrian Timber Fair (01-584 6938)	Klagenfur
ug. 13—16	National Hardware Show	Chicago
	ENVIRO 79-The International Environmental and	
ug. 13—17		
		Malmo
ug. 17—26	International Trade Fair (01486 1951)	
ug. 20-Sept. 20	International Fair	Izmir
ug. 20—24	International Packaging and Food Processing	Johannest
	Exhibition—PAKPROCESS (01-486 1951)	25
ug. 24 - Sept. 2	International Radio and TV Exbn. (01-540-1191)	Berin
ug. 26—27	Zuspa: International Shoe Samples Fair	Brankfurt.
ug. 26-29	International Fair (01-734 0543)	Johannest
ng. 26—29	International Fair (01-734 0543)	Frankfurt
ug. 27—30	Pharmaceutical and Chemist Supplies Exhibition	Utrecht
	(01-486 1951)	
ug. 28-31	Electrical and Electronics Components Exhibition	Gothenbur
ug. 29-Sept. 12		Moscow
ug. 31-—Sept. 9	International Fair of Consumer Goods (01-874 6034)	Stockholm
ept. 3-10	International Trade Fair	Plovdry
	International Pain of Algiore	Algrane .
ept. 6-21	Technical Trade Expo (01-242 4784)	Course .
pt 8-11	Verenestianal Tanthan Twant (01 400 tops)	The same
ept 8—11	International Leather Week (01-439-3964)	raris
ept. 8—16	International Autumn Fair (01-584-6938)	
ept. 12—20	International Engineering Fair (01 278 0281)	Brno
ept. 13—16	International DIY Trade Fair (01-236 0911)	Essen
ept. 17—21	Systems 79 International Exhibition of Computers :	Munich .

Post Office strikers attack 18% offer

SIX HUNDRED Post Office data processing branch said it computer strikers, who bave was campaigning for rejection stopped telephone bills going Voting is expected to take a out for more than three months. fortnight. came out yesterday against an 18 per cent pay offer on which peace hopes rest. They threatened to continue unmatch the pay levels of Post Office engineers, nor increasea of up to 24 per cent won by Civil Service computer staff.

official action. The Post Office and data processing branch of the Society.
of Civil and Public Servants has voted by 625 to 67 to censure union leaders for recommending the offer.

About 45,000 Post Office members of the SCPS and Civil and Public Service Association are being balloted on the offer, which involves staged payments,

that it would continue to rise for at least a month. Even with full union cooperation, telephone bills would

productivity bonuses, and a not get back to normal until new pay structure. The SCPS July 1980, they claimed.

Computer branch members

claimed the offer would not

They added that if it was

accepted, the value of the phone

bill backlog would be more

than £900m, and the task of

clearing it would be so complex

Oil companies take more

Personnel departments of big oil companies are expected to meet in Aberdeen today to dis-BP has moved 500 noncuss the strike, but BP said: essential maintenance and con- "It is a contractors' dispute. struction workers from the We are not interferiog but are

glant Forties Fleld, but the keeping it under review." platforms.

Production was at peak, BP said: "The dispute has put us

Shell, which has reduced man-

BOARD MEETINGS-

announces today.

Last month there were 13

trade union speakers on the programme. representatives of free enter-pris, and three form the nationalised industries. Aims says. There were no represen-tatives of employers organisations, apart from one speaker from the Confederation of British Industry.

MP urges extra aid for forestry

A TORY MP is seeking extra help for expansion of the forestry industry as Britain is one of the least forested coun-tries in the Common Market. Mr. Russell Fairgrieve (Abetdeensbire, W.) said the country depended on imported timher yet the main suppliers—Russla and Scandinavia—had a grow-ing rate only half as good as

In a pamphlet published by the Conservative Political Centre, he called for bigger grants and/or a funding system that would give farmers advances on Income from

GEC strike for more pay

PRODUCTION in all eleven

with the Banking, Insurance belonged to no union, while a Voting was 1,698 in favour number of insurance staff to 251 against, a majority of associations were contempla 1,447. The merger will take their future development. associations were contemplating place by a transfer of engage-The union intended to oper ments under the Trade Union merger discussions with those associations to consolidate its

A atatement from the union

yesterday said that a high per-

centage of insurance staff

The Phoenix Staff Union position as "the most approrepresents most staff in the priate union for insurance staff." Mr. Lief Mills, general secre-tary, commented: "We are delighted that the membera of the Phoenix Staff Union have voted by such an overwhelming majority to merge with BIFU. Phoenix Assurance Company. It has been the sole negotiating body within the company since

Last year the 5.500-strong Guardian Royal Exchange Staff Union merged with the BIFU. formerly the National Union of The result not only confirms BIFU as the union for insurance staffs but also demonstrates that Bank Employees. The new amalgamation will eocourage non-political, responsible trade the union to seek further unionism is attractive to staff in strengthening of its position in the finance industry."

Home Bill to extend improvement grants

will follow this Tory Govern- cised by democratic processes

Mr. Benn, who was speaking the Young Socialists conference in a BBC radio interview, said there was a general feeling in The party's national execu-

Radical shift vital

for Labour-Benn

rank-and-file.

THE LABOUR Party should the party that the next Labour tive believed that the time had

fight the next general election Government should reflect more come to end patronage within

on a radical, socialist pro- precisely the aspirations of its the Labour movement and end

There was no split in the party, he added. "We are one

party . . . but there is a very

important discussion going on."

another forceful contribution

to the increasingly bitter debate by repeating his attack

on the powers of the Labour

Such powers should be exer-

and not by one person, he told

On Saturday, Mr. Benn made

ENCOURAGEMENT TO im- the five-year clause, which can

of the Environment are keen to see improved access to grants for anyone living in bad housing, whether they are in the private or public sectors, owner-occupiers or landlords. The Government estimates that a sixth of bomes in

England is unfit or lacks basic amenities or is in bad disrepair. More than a million homes still lack an inside lavatory and 800,000 houses have no bath-The Bill, to become law by

improvement grants available to public and private-sector tenants equally with owner-

the planned levels of public prove houses is to be included mean that an owner-occupier spending were vigorously defended by Mr. James Prior, the Employment Secretary, at in the Government's proposed has to repay any grant if he Housing Bill. has to repay any grant if he aells within five years.

Ministers hope that local authorities administering grants will bear that in sind when handling casea that arise before

Tenants will also be allowed to decorate outside as well as also have a statutory obligation to consult tenants on decisions

puter-based national exchange next summer, will aim to and transfer system enabling improve the standard of homes tenants to move about the nationally and start by making country while protecting their

O An inquiry has been ordered into the sale of council bouses at Peterborough following alle-Policy changes to relax the gations that a number of houses present, lightly structured grant bad been sold at prices well system will include scrapping below their market value.

Two reviews expect sterling to decline

STERLING WILL weaken over weighted index is still forecast the next 12 months say two by mid-1980.

School economists with money brokers Charles Fulton and in the year.
the Gower Press) argues that "If oil uncertainties the Gower Press) argues that the increase in sterling is now tinue and keep the pound bigb on a par with the rapid rise of the Deutschemark in 1973 and of the Yen in 1973 and 1978. On both occasions there was a damaging."

competitiveness is now 24 per of weakness which may only cent above its underlying be countered by positive official while relative money supply growth is 14 per cent flation and external trade.

above the underlying trend.

The Exchange Rate Ou

lower than has been recorded. priate level which does not yet. The latest outlook says the reflect the excess of world doldeflationary consequences of the Budget and a tighter monetary policy have led to a forecast of elsewhere, and this will provide an increase. A depreciation of future stability for over a tenth in the trade- currency."

In million ptas.

Deposits

Credits

Year's Profit

Capital plus Reserves

leading foreign exchange The latest edition of Currency market commentators in new Profiles—jointly produced by the Henley Centre for Forecast-

Currency Profiles argues that The outlook says sterling's the dollar has entered a period

action and improvements on in-

above the underlying trend.

Past projections have been for argues that "on fundamentals an exchange rate significantly the dollar is above its approreflect the excess of world dol-lar holdings. But recession in the U.S. will be greater than

BANCO DE MADRID

ANNUAL MEETING HELD ON THE 23rd JUNE 1979

Highlights as per 31st December 1978

1978

6.431

73.159

65.415

Employees

Branches

Clients

740

2,408

220,396

ASSOCIATED BANK

BANCO CATALAN DE DESARROLLO

6.010

63.162

58.354

letter to his constituency party, Lowestoft.
"As a nation we simply cannot afford to carry on as we bave done in the past."

Growth in the economy in the near future would at best be nil

closely affecting their bomes. and there was a strong possi-bility of decline. Provisional The Department of the figures indicated a £2bn balance

Environment is studying the tenancy qualifications.

conceivably afford to spend at the levels planned by the Labour Government. The choice facing the Cab-Inet had been plain. either to go ahead with Labour's plans and 'take money from everybody to pay for them." or scrap 'spendthrift" plans and ease the burden on the productive

side of the economy.
"No Government takes such decisions lightly. Every Minlater is aware of the difficulties that people will have to face, even when it is the planned growth in Government spending programmes which will be re-

the right of veto of any one

person or group over the

Labour moderates responded

with a call at the weekend to

the trade unions and party

members to fight the "lunacy

The Campaign for Labour Vic-

tory group said that the Left-dominated national executive

driving away middle-of-the-road

were a cynical attempt to gain control of the party for the

State cuts

says Prior

THE GOVERNMENT'S cuts in

The world economic outlook

bad reinforced the need for a

new approach, he said in an

of payments deficit in the first

six months of the year.

The country's manufacturing

base was narrowing and more

and more goods were being im-

ported, said Mr. Prior.

Against that background no

responsible Government could

justified,

vas disrupting the party and

The Benn reform proposals

manifesto.

of the Left."

"But the truth is that extra edition of ing and bankers Manufacturers spending on services can only

Building society backs grants

THE ABBEY NATIONAL Building Society has set aside £100,000 this year to lend to individual owners. Manchester's Acres ' Road. Chorlton-cum-Hardy, general improvement area.

Since the improvement area was declared, demand for grants from householders bas been considerable. The building owners to cover their share of the cost of improvements not allowed for in the grant Loana will also be available to buy houses in the area.

吸る

7.00

15.83

12.09

5.86

men off strike-hit rigs BIG OIL companies continued ning on balf its North Sea instalto move men asbore at the week- lations, said that production bad end as the North Sea catering not been reduced on Brent B workers' dispute affected more and Dunlin, platforms affected

igs and platforms. by the strike. Brent A and D About 20 offshore installations and Auk remained unaffected. rigs and platforms. are affected hut operators said yesterday that production had not been reduced.

Exchange Rate Outlook (pro-duced by two London Business good case for a fall in sterling at the extra wealth to pay for mained on the company's four

people off and it has disrupted noo-essential construction work hut that is the extent of the

Radio praised

THE BEC Radio 4 Today pro gramme has been given two awards by Aims, the private enterprise organisation. after an analysis of a month's output. It is given a best programme award for its presentation of public issues. But it also receives a little wooden microphone for poor balance, which resulted from a preponderance of trade union speakers, Aims

divisions of the GEC works at Stafford will be affected today by a strike involving 2,000 bourly-paid workers. They want a 20 per ceot pay

increase and decided at a mass meeting to take the strike action after rejecting the company's latest offer.

Security and Survival in an Age of Violence (01-734 2851)

BOARD MEETINGS-

Catioli 3.85pcPl., 1.925pc Loan Sik., 44pc (Rubber) Dev. Synd., 3.5p 60cPl., 2.1pc

Royal Lancaster Hotel, W2 Brunel University Buckingham Gate, SWI

Seeul.

electrica MD MINIMON

4700) (until August 1) International Gifts Fair (01-855 9201) (until Aug. 2) Tyneside Summer Exhibition (0632 28520) British Furniture Manufactrs. Exbn. (01-724 0851)

International Motor Cycle Show (01-741 2156)
International Music Publishing and Recording Industry Show—INTERPOP (01-486 0059)

Electronics Show (08833 4871)
MAB "79_International Menswear Fair (01-839 Filtech/Dustex '79-2nd World Filtration Exhibi-

Industrial Equipment and Material Exhibition Hong Kong INDEQUEX and Peripberal Equipment (01-486-1951)

BUSINESS AND MANAGEMENT CONFERENCES

Oyez-IBC: International Conference on Cohesive Churchill College, Cambridge Sediments (01-242 2481) (until Aug. 1)
Compower: Basic Trainee Programming Course Cannock, Staffa.
(Cannock 2511) (until Aug. 47)
British Safety Council: Product Liability—Let the Hilton Hotel, WI Seller Beware (01-741: 3812)
MSS Computer and Business Consultancy: The Executive Secretary (Worthing 34755)
Brunel Management-Prog. Production Management Brunel University and Human Behaviour (Uxbridge 56461)
MSS: Management Skills for Women (Lincoln Lincoln \$8829)

S8529].

EMS: The Japanese Approach to Product Quality Institute of Directors, Management (High Wycombe 33171) Pall Mail Freight Information Services: Practical Marketing Southport for Road Hauliers (Southport 38516)

ASUAG: International Chronometry Congress (01 Geneva 2007 0138) 387 0118)
Financial Times: Korea in the 1980s (01-236 4382)
International Newspaper Promotion Association:

International Newspaper Promotion Association:

9th European Conference
Society of Chemical Industry: Marine Corrosion on Offshore Structures.

CHA: Educational Conference (01-240 1496):

MSS Computer and Business Consultancy: Effective Budgeting, and Financial Planning (Working 34755)

Brunel Management: Experimental Methods in Management Training (Uthridge 56461) Sept. 16-21

Management Training (Uxbridge 56461)

Lémsac: Job Evaluation (01-828 2333)

The City of Westminster Chamber of Commerce: H.M.S. Belfast

WEEK'S FINANCIAL DIARY The following is a record of the principal business and financial engagements during the week.

The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

inpoin

Munich

Must unreseit studionne to brudionne musiconnelle tito she to

ap from 50 ha

SAFETY

the tall will will know the tall will be to be to

Coupants L

he same time

Sarration

LONDON DI-SAJ (NSCOW (041) 33 MACHINE TOOLS

Designed for small batch shaft work

THE Multi-Purn MC300C turn-ties which enable any pro-ing machine just introduced by gramme subsequently reloaded The Drummond Division of into the memory to be modified Staveley Machine Tools is stated either temporarily or perto be intended specifically for manently, economic application on small batch shaft or chucking work up to 300 mm diameter by 1500 Dual Driver system for shaft

exceptional circumstances and job change-over normally to-end re-involves merely running a mag- operation. netic tape cassette to luad a

processor based. Programming so that the workpiece is moved may be carried out by keyboard to the right, clear of the chuck either at the machine console or via a asparate remote unit, place twice if required, to true and the prepared programme is

- 1212

-

work, which enables a com-The need for tool changes ponent to be machined over its trial 15-metre deep vertical says the company, will occur in entire length at one loading drainage system required the says the company, will occur in entire length at one loading without the need for any endto-end reversal and second

fresh programme into the system memory.

The control system is micro
the chuck can be actuated at the penetrating the ground and appropriate points in a cycle in subsequently withdrew from the conjunction with the tailstock site. A second contractor also to the right, clear of the chuck jaws. This movement can take up the end prior to it being recorded on magnetic tape gripped by the chuck for the cassette. A plug-in record/ beavy cutting sequence, then read head is provided.

There are full editing facilities the work.

• COMPONENTS Dunlop brake pad move

DRAWING ON expertise gained During the development pro-in the aviation field, Dunlop is gramme regular contact with entering the motorcycle brake the Japanese was maintained, pad market. The new sintered particularly with Kawasaki, Now pads, a major step forward in disc brake technology, will this quarter for Dunlop to take initially be sold within the UK, its work a stage further. but Dunlop has its eye on the world-wide replacement pad market and is also involved in talks with the large Japanese manufacturers.

Since the introduction of disc brakes on motorcycles their accident figures it was the government's Transport and Road. Research Laboratory that systems on new machines the prompted Dunlop's research potential for the company to virtually the same characteristics considerable. in the wet as they do in the dry.

strong pressure is coming from

Dunlop's aim is to eventually produce a total brake management system. To this end the TRRL is putting up £200,000 for work into anti-lock devices.

With 1.4m two-wheelers on the road in the UK, and sales performance in the wet has rising rapidly, this in itself been a growing cause for con-represents a healthy market for Ever watchful of rising replacement pads. When it figures it was the gov-expanded world-wide and if the Japanese were to use Duniop The new pads produce take off in this field could be

ALAN WRAIGHT

Pinpoints the weight

force transducers from Hot- the series in accuracy (class Stonefield Way, Ruislin, Middle-cludes nine transducers for sex HA4 0JT (01-841 5121), are nominal loads from one to 100 for measuring static and tonnes.
dynamic compressive loads from All t

there are 13 models for nominal loads from one to 500 tonnes, in units of force (newtons) each in the 0.1 accuracy class. when they are to be used as The C3 range covers seven force transducers.
models with nominal load The strain-gauge class 0.05, making them preci- DIN and IEC standards.

FURTHER weighing cells and slon grade transducers. Top of tinger Baldwin Messtechnik, 0.03) is the C3H range which in-

All transducers in the series less than I tonne to 500 tonnes. are supplied calibrated eitherin in the C1 range for example units of weight (kg) if they are

ratings from 50 to 500 tonnes elements are inside a sealed and all are in the accuracy housing providing protection to

Signals low pressures

NEWLY AVAILABLE from different ambient temperatures Forboro is a low range electronic differential pressure transdocer, 834 DP, which can provide signals representing low both ordinary and bazardous differential or static pressures, ment in the power, pulp/paper, cement, glass and several other

A resonant wire technique is More from Foxboro-Yoxall ased to give good accuracy and Redhill, Surrey, RH1 2HL (0737

The two wire transmitter, with de power supplied over the signal lines can be used in locations. An optional internal power supply can be provided for replacement of obsolete four wire transmitters which require separate ac power.

long term stability at widely 6500).

SAFETY Fresh air in the vaults

into a sealed, airless, sound ceeds two per cent. This is well priof bank vault will remain a below the limit at which the felevision crime production.

But for some bank staff it is danger to be lived with and his prompted Chubb to develop # life-saving unit which will provide the two main needs of people so trapped—air that is brathable and communication with the ontside world.

The equipment is about the size of a four-drawer filing chinet and will ensure that if a substantial number of people are trapped in a fairy small wult no tragedy will necur due to oxygen starvation and carden dioxida huild-up. The system is fully automatic so that m action has to be taken by the capped occupants. In addition, tle unit provides self-contained ilumination.

arbon dioxide content every three minutes: if the figure ises above 2 per cent, the air stem switches on automatic- life batterics and low voltages ibsorbtion unit which removes he carbon dioxide.

for that lost by conversion to equipment is kept in optimum arbon dioxide and to maintain condition. constant internal pressure. Propped below 0.5 per cent, and (01-637 2377).

FOR MOST people, being locked will re-start whenever it exction only to be seen in a physical condition of the occupants will be affected.

The system is vastly superior to breathing tube arrangements, claims Chubb. These provide no illumination and may well not be able to draw in enough air to support a number of people. Frnm the security point of view, such systems also present serious risk in terms of attacks against the vault using

In the Chuhb unit, which requires no external services, the axygen content is kept to within 18 to 20 per cent and bas been designed with a 100 manhour capacity.

Activation is by means of a single permanently illuminated switch. Once activated the unit provides background Illumina-tion in its immediate vicinity. A An air sampler measures the facility for voice communication and the sounding of external alarms can be provided. Power is provided from long

dly and the vault air is imme- are used throughout, avoiding liately circulated through an fire and shock risks. Only periodic service checks are re quired but there is also an auto-At the same time oxygen is matic "need for servicing" ined into the air to compensate dication to ensure that the

More from Chahb and Sons Circulation continues until the Lock and Safe Company, Tottenarbon dioxide content has ham Street London WIP OAA

electrical wire and cable?

Thousands of types and sizes in stock for immediate delivery LONDON 01-561 8118 - ABERDEEN (0224) 724333-

6 LASGOW (041) 332 7201/2 • WARRINGTON (0925) 810121 TRANSFER CALL CHARGES GLADLY ACCEPTED 24HR.EMERGENCY NUMBER 01-637 3567 Ex. 409

of the ground

PROBLEMS CONCERNING dif-ficult ground conditions on the site of a trial railway embank-ment for British Rail main line diversion at Selby have finally been overcome by Cementation Ground Engineering after the withdrawal of two other New embankment is to carry

DRAINAGE

diversion caused by the development of the new Selby mining complex and, as it is to be situated on soft ground, significant settlements are expected during and after construction. Successful installation of the

penetration of a dense sand layer at a depth of about seven metres and the original con-A special workdriver set into tractor had severe problems in declined, because of the difficult driving conditions.

Cementation was then asked to instal its Sandwick drains, using the company's high frequency vibrator and the required trial area was completed within a few days.

Main contractor for BR, A. Monk and Co., will now construct trial embankments on treated and untreated areas THE LEVEL of liquid Halon which will be monitored over a consolidation period.

company of Cementation Ground Engineering) is currently involved in driving two parellel drifts at Gascoigne Wood.

• INSTRUMENTS Making sure Inspection from the inside

A PANORAMIC tube bead for There is no need to remove seconds. duced by Andrew NTD Pro- ducer probe is used like a ducts (UK), 12, Trafalgar Way, stethoscope on the exterior of Bar Hill, Cambridge, CB3 58Q, the cylinder to determine the Bar Hill, Cambridge, CB3 8SQ. (0954 81616.)

These units employ compact, oil-insulated, ceramic tube heads which can be passed through openings as small as 100 mm diameter enabling radiography to he carried out found to an accuracy of 1 per in confined spaces. The new the tracks for the main line panoramic tube bead will augment an existing range of directional heads and greatly increase the versatility of the unit hy permitting one-shot Inspection of tuhular components.

Andrex constant potential X-ray units are widely used in the aircraft industry for critical inspection procedures on very thin sections or lowdensity material and in the nuclear industries for the inspection of pipework. A closed circuit, water-cooled anode enables the equipment to be continuously used at maximum rating in such applications as factory-based production control systems used in the motor-tyre

Checks fire appliances

fire suppressant in storage con-tainers can be checked Cementation Mining (a sister accurately and quickly using a portable device called Cali 1000 the short term exposure limit, each galvo and an event marker, from Chemetron, 14. David 400 ppm, this is reduced to three Road, Colnbrook, Slough SL3 minutes. At high concentrations Dasb-2, can also be operated

use with its mobile radio the cootainers from their warbling sound is emitted, with graphic unit has been intro- storage racks. Instead, a trans- a visual indication. stetroscope on the exterior of the cylinder to determine the position of the liquid surface to within the inch. Then, simple charts and temperature correction factor.

"Issual indication.

More from the company at parsonage Road, Bishop's Stortford, Herts. CM22 6PU (02279) (02279). tion factors are applied enabling the exact weight of the Halon lost from the unit to be

widened

AS WELL as giving monitoring protection against bydrogen sulphide and oxygen deficiency, the Otox 80 instrument made by Neotronics now has the extended ability to monitor carbon mon-

It will have particular applica-tion wherever build-up of the gas is a positive risk including boiler bouses, chemical plant, car test facilities, metal heat treatment areas and steel works. A detector card (costing about 25 pence) is inserted which will monitor for up to eight bours; it carries a reagent selective to carbon monoxide which is in-spected by an opto-electronic system. A time weighted response is produced, roughly matching the way in which the

body reacts to toxics. The instrument's response time at the threshold value of the alarm will he given in 30 from the mains.

A bigh pitched

Portable recorder

powered high-speed two-channel recorder weighing 22 lh, ideal for field work in science, medicine and industry is offered by Russet Instruments, Sheen Park, Richmond, Surrey TW9 1UN (01-940 9981).

Four fixed chart speeds of 1, 5, 25, and 100 mm/sec are provided, and there is also an uncalibrated variable speed con-

Gel batteries are provided yielding about four hours' runcision

A ROBUSTLY encased hattery-

High accuracy feedback galvanometer writing technique is used and 13 sensitivity levels are available from one millivolt to ten volts per millimetre. A beated stylus is employed with low cost thermal recording paper. The trace for either channel can be placed anywhere across the 50mm width of the

ning time before re-charging. and the recorder can be used while charging is in progress. Other facilities include a pre-ision internal calibration 50ppm is 15 minutes, while at source, variable gain control for

• HANDLING Moves the goods at low cost

RIGHT-ANGLE powered-roller corner unit, allowing packages to be transferred under power within the width of both conveyors, has just been added to the equipment range of P and R Mechanical Handliog, Pcnyrbeol Works, Caerphilly, Mid Glam (0222 885505).

By using the same drive as kept very low, as neither starter motor nur gearbox are Under these circumstances, a Droducts typical price is under £200—a saving of 75 per cent it claims.

e PACKAGING Printer's extra scope

WIDER WIDTH paper sacks, and board cartons up to 129.5 cm wide and 18 mm thick io unlimited lengths can be handled by the new lik III Lawco overprint machine now available on the home market, announces Lawtons of Liver-pool, 60 Vauxhall Road, Liver-pool L69 (051 227 1212).

Print area on this model is increased to 63.5 cm in length by 76 cm width. This extra width is obtained by either fitting one cylinder with that size print area or, alternatively, fitting two adjacent cylinders with respective print heads of Bucks, 50.8 cm and 25.4 cm widths. Wycon

Civil **Engineeri**ng is part of... total capabilit

• MATERIALS Wrapping of

STATING THAT it has been led to make the move because of significant increases in poly-thene orices, Wycoinbe Marsh Paper Mills has developed a new glazed imitation parchment paner suitable for wax coating to produce bread wrapping and confectionery packaging.

Available in a range of lightweight substances from 30 gsm upwards, the paper's character-istics include a smooth surface to ensure the even take-up of wax or similar impregnants and avoid the mottled final appear ance characteristic of some products. Waxed opacity is main-tained through the addition of high purity loadings which can be varied to suit manufacturers' specifications for a range of differing types of food packag-ing or wrapping. Further details may be

ootained from Wycombe Marsin Paper Mills, High Wycombe, Bucks, HPH 1ES (High Wycombe 33400).

On April 23, Fortune magazine called us the upstarts. Two weeks later



This April, after just 10 years in the business, Data General made the Fortune 500.

In fact, we are number 500. And if you look at the figures on sales growth, among companies not making an acquisition, we're number one, with a 49.2% increase over last year. And that's not bad for a company nobody took too seriously back in 1969.

How did we do it? By giving our customers the kind of service they just couldn't find anywhere else.

By having employees who constantly come up with new and better ways of computing. And by putting a higher percentage of sales into R&D in the last ten years than any

of our major competitors. An investment that's paid off in products which we feel offer the best price/performance ratio in the industry. A commitment to good value that's led to a 15% decrease in prices per vear. And a customer satisfaction that's second to none.

In fact, Datapro Research Corp., an independent, American research group, recently charted our Commercial Systems satisfaction level at 3.8 on a scale of 4.0.

· At Data General, we've always looked at things a little differently. Maybe that is being an upstart. Or maybe that's just being a little different.

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Building and Givil Engineering

£25m Laing awards in Spain and UK

pwarded three contracts, to- nriginally envisaged with 600 gether worth £16m to remodel a beds and a total floor area of include construction of a single- centre and existing buildings on bospital and renovate and 88,000 sq ft compared to a pre- storey receiving duck and dis- the site. improve two others for the vious floor area of 41,000 sq ft. tributinn area with three tier Spanish Department of Social Security.

The largest contract involves ing and extending the hospital remodelling the bospital at in Alicante, on the east coast Eadajor on Spain's border with of Levante, which was built Portugal. The structure of this about 30 years ago. The hospi-hospital was built by Laing SA tal will cootione to function "in 1976 for the provincial while Laing SA are on site, sq ft. Projecting from this will authority, but before further The third contract is for a he a building for which Laing work was carried out it was small amnunt of demolition, will provide the concrete slab seconded to the Department of construction of partitions and floor only, to house an auto-Social Security and the design was considerably modified.

"TWO COMPANIES in the John some demolition and more for IBM at its plant in conveyors will be taken through Laing group bave won contracts structural work and when com-Greenock, invercised, under a a link building 130 feet long, worth a total of £25m.

This which will provide access for

The second contract, valued conveyors. at £4.3m, will involve rennyat-

an extension at the Nino Jesus Hospital in Madrid.

In Spain, Laiog SA bas been will be much larger than will provide a further 266,000 sq ft of working space and will between the new distribution

> will connect with a new two- cladding of profiled metal storey support hullding, with a sheeting. Other works include lower floor partly in excavated a vehicle marsballing area. link ground, and providing a com-bined floor area of about 145,000 mated storage and retrieval system with materials stored in

pedestrians and fork-lift trucks

Construction of the new huildings will be steel frame on In one direction conveyors concrete slab foundations, with roads to connect with existing site roads, and some landscap-

contract provides for phased bandovers, with overall completion due by June 1981: Desigoers of the scheme are Robert Matthew, Johnson-Mar-The resulting £11.8m contract In the UK, Laing is to build pallets an racking 67 ft high. shall and Partners, and quantity awarded to Laing SA will mean a materials distribution centre. In the other direction, the surveyors are Harris and Porter.

recling from the shock of having to meet last winter's fuel hills

can take beart with a view of

the Canadians' concept of bnw

to live comfortably, and econo-

They promise a reduction of

heating costs by as nuch as

two-thirds with a timber frame

bouse that hoasts the uitimate

The components are shipped

from Canada by container.

delivered directly to site in the

UK, and include highest quality

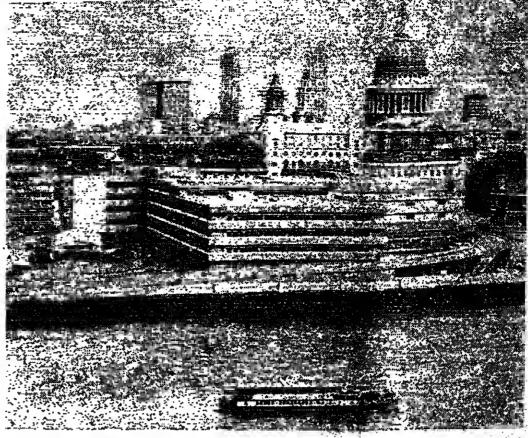
which has appointed Scotch-

hrooks Marketing Services to market the Heat Hngger line

mically in a cold climate.

in insulation techniques.

Canadian



CRENDON CONCRETE FRAMEWORK The right way

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An across-the-river view of Baynard House, London's big new telecommunications centre on the north side of the Thames near Blackfriars Bridge. John Laing Construction was the main contractor. Some 150 miles of cabling for electrical services was supplied by Haden Young at a cost of about

Shepherd gets work worth £8m

IN CONTRACTS tolatling about ments, access road and pavings. Other cootracts include altera-ESm. Shephord Construction's and other external works. major johs will be undertaken in Yorkshire and the North

Biggest project is at Middlesdential development at Gurney Street for the Orbit General contract for Grosvenor Estate at Cramlington (£450,0001; Housing Association. This 82- Commercial Development cover- housing at Stockton-on-Tees week contract involves the con- ing the second phase of the struction of 142 flats arranged Northampion Grosvenor Centre. in three separate blocks of Scheme includes extensions to extensions and modernisations varying heights from two to six the existing shopping centre at the Harrogate store of

Milton Keynes Development mcot.

Corporation, eight advance fac-

attached sub-station, instrument

a development for St. Gemma's Factory at Cefn Coed Y Hospice at Moortown for the Sisters of the Cross and Passion. The flm building is tn be brough where the company has situated in a garden to the west just started work on a £2m resi- of the existing hospice buildings.

storeys. Associated works in and the provision of loading F. clude car parking in open hased decks, offices and services. (£

Another major contract worth

tions and adaptations to the In Leeds, work has begun on former Teddington Controls Merthyr Tydfil (£980,000); an elderly persons' home and assessment centre al Brentry, Bristol (£600,000); a management and amenity block At Northampton is a £1m for the British Gas Corporation

(£520,000); offices and lettable units at Walsall (£400,000) and W. Woolworth and Co.

surveyors Turner and

kiln dried redwood, steel webbed roof trusses, and triple glazed windows and skylights. Offered to builders as a cnmplete package, the homes have een developed hy Viceroy Construction Company of Scar-borough, Ontario, and have been OVER £11m, worth of contracts contract is under the super- deep and 13.85 metres wide, have been awarded to A. Monk. vision of the Mining Research Consulting engineers are White At Bradwell Abbey, for the and Development Establish- Young and Partners and quan-

Another Milton Keynes Dethroughout the UK. cote, Derhyshire, Monk is 10 sion linking Billiogham Bottoms and Wolverston. This will be undertake a £4.4m project for the National Coal Board. The latter calls for a test hall and latter calls for a test hall and carriageway A19 trunk road.

The open award the first home—called the have compression-type seals to a depot at a Stacey Busbes adequated and wance factory. At Parkeston 24 days and opened last week quay, Monk is to build a new by W. Boss De Coan area. Quay, Monk is to build a new by W. Ross De Geer, ageot 0.16 for roofs are standard. At Stockshridge, a £442,561 substation, make alterations to general in the UK for the Pro-

Ibstock bricks, bul predominant THOSE OF US who are still

in wardrobes, ctc.
The special modular system allows design flexibility from a wonder, single detached unit to a threestorey townhonse . . . and windows need not just be in the walls-stylish feature of the show house at Cadillac Homes, Upper Warren Avenue, Cavesham Heights, Berks, is a paoel of skylights in the living room
the latter, like some of the
hedrooms, has "cathedral"

ceilings. A solar garden coocept can create an indoor garden or greenhouse kitchen, too, far away and above the backneyed ltttle-box housing estate tradi-tion beloved by so many

unimaginative British huilders. But the true beauty must lie in the money saving features: walls have six inches of fibreadopted here by Cadillac Homes glass insulation; ceilings have cight inches, and there are four inches under the floor; sliding doors, windows, skylights, apart from nhligatory triple glazing.

This Heat Hugger is, here British pocket too bard, it has and there, anglicised with already received the Medalion feature is the Canadian red- of approval and blandishment wood. Apart from the timber 10 prospective huyers in the wood is the major hope that they will select homes material for floors, doors, built-in wardrobes, ctc. to save eoergy) which plaquehas now been fixed to the 34-day:

City office

contract just awarded to Sir Robert McAlpine and Sons, the metal roof deck company will huild an office: Construction of single storey

site bounded by Creechurch covers a £470,000 contract.
Lanc. Bevis Marks. Heneage For Annandale and Eskdale Lane and Heneage Place.

The six-storey air-conditioned office block will comprise a reinforced concrete frame with granite clad external walls and bronze anodised double glazed

excavations to a depth of 4.5 A CONTRACT worth £1.5m has

is for a superstore and 14 shap units to he constructed on the site of a disused railway cut-

ting in Maryhill, Glasgnw, for the Co-operative Wholesale Society. This includes grouting of mine workings and pillings. Columns and beams will support a concrete deck to form car UNDER THE terms of a £1.5m structure, comprising steel contract just awarded to Sir frame, facing brick cladding and

Whatlings (Building).

block in the City of London for health centre with external ser-M.P. Kent (Constructional). vices and car parking at Muir-Work is due to start next side Road. Ballieston for the awarded in Simonbuild of Stockmonth on a restricted island Greater Glasgow Health Board

District Council, the company wilt construct five blocks of 32 single and two storey houses the past three years. Completion with ancillary works, worth is scheduled for the end of

WORK VALUED at more than £209,000 is for the erection of two new shop units contained within one four storey building A major contract, worth £4m, in Queen Street, Glasgow, for J. Dykes, and construction of a drum store in Airdrie for the Boots Company is valued at

New medical MECUTIVE centre

A CONTRACT for the design development and construction of a new medical centre at the British Nuclear Fuels has been port (Simon Engineering

Valued at £445,000 this is the sixth contract secured by Simonbuild at Springfields over

Extensive temporary works are called for to support the highway on all sides while

Whatlings wins £5m

ger concept will not pinch the sive Design Group.

Architect is the Comprehen been awarded to Turriff Cor. the construction of storage facito the officers' mess at the to build an office block and and Army Apprentices College, bington, Warwicks, for Thwaites Arborfield Garrison, Berks.

Engineering Factors of open

Buildings include stewards'

Other work for the PSA is poration by the Property Ser. littes at an RAF establishment at Wittering, worth £3m.
Another award, for £1m, is

School of Electrical Engineering adjacent factory unit at Cub-Engineering Factory, of open Buildings include stewards area design, is a steel-frame quarters, maintenance store, building clad in colour profile sports pavilion and garaging for sheeting and the office block of reinforced concrete.

COMPAN

KON SHIROKU A

TRE WIDEST

MICE IN SPAN

ME WISEST

HOICE IN SPAN

poperties cal spile

Commended Sof

non se 500

Properties .

S.B.

01-81 2021-2

huildings, amenities block, contract is for the construction a second and construct found- vince of Ontario, house and gatehouse, of a 17.5 merres-long tunnel sec- atinus for a third - all for the Other work includes drainage, tion for the British Steel Cor- British Railways Board at a cost landscaping and roads. This poration. It will be 5 metres of £70,874.

£11m contracts for Monk

tories are to be hullt at a cost nearly £2m is for earthworks

Costain starts on £3m block CONSTRUCTION of a nine-installation of one goods and ing, land storcy office block at Broad three passenger lifts, full air-services.

The nine-storey block nn driven precast coocrete shell piles will be of reinforced concrete frame construction with facing brlckwork.

The contract includes the

CONSTRUCTION SUB-CONTRACT WANTEO

Engineer's eye.)

ing, landscaping and drainage

At Wallington, Surrey.

company is hullding a three-

storey office block for the

Private Savings Property Com-

pany (value £200,000) and work bas started on an £18,000 con-

tract for Isle of Wight County

Council for the construction of

Awards to Fairweather

FOUR CONTRACTS awarded to Health H. Fairweather and Co. total £460,000. over £1.3m, the largest being for the London Borough of Greenwich for the construction of ten houses and a home for the mentally ill at Lansdowne Laoc, Charlton, worth £640.000.

New link block and refurbishment of existing wards at the Council for the construction of Central Middlesex Hospital for a nursery extension to a primary the Brent and Harrow area school.

Quay, Bristol. for The Standard conditioning, smoke detection Life Assurance Company is to the undertaken hy Costain. Standby electrical geogrator. Value of the contract is £3m.

Development Commission at St. Inis month.

Work has begun and is due along the completion in December about £110,000, has been international consulting engineers is being published this month for distribution to over month f

at the Neston, Wirral, site of the GEC-Fairchild microelectronics on the Clay Industrial Estate under a contract, already announced, worth about form

Bovis Construction is to carry out a £510,000 refurbishment on three floors of the 10-storey Canberra Hnuse in Maltravers Street, London, WC1, under an appointment from international chartered accountants Arthur Anderson and Co.

• First houses from Trollope

IN BRIEF

• English Industrial Estates has and Colls Homes latest develop- Place, London. SW1, or any ne announced start of work on an ment at Broadwater Park, Wey- its nine regional offices.

Advanced factory of the terrace bridge, Surrey, are now availunit type, divisible into two able for sale, and show houses units of 2.500 sq ft each, for the were opened at the beginnlog of Development Commission at St. this month.

neers is being published this month for distribution to over CA11 7AJ. people involved in selecting con-sulting engineers in the develop-ing world. It is distributed free of charge from FIDIC Segretariat. Carel van Bylandtlaan 9, 2596 HP, The Hague, Nether-

O British Quarrying and Slag Federation has produced a 15minute slide programme with a contract valued at fim. The recorded commentary explaining the role that the products of its members play in modern ling an infill concrete floor, society. Copies of the pro-suspended ceilings, and all gramme arc available on loan from the BQSF at 14 Waterloo

· Heating and Ventilating Contractors' Association has pub-lished the 31st edition of its Year Book (£11,00 incl. postage) and is available from 10

contractor £340,000 St. John's RC First and Middle School in Ports mouth is Jno Croad, member of the UK building division of Trafalgar House Group.

· Currently building a Sainshury supermarket in Stafford is Linford Building Group under work, in the Ankerside Development, Tamworth, entails instalelectrical

PLANT& MACHINERY

Description

1) ROLLING MILLS

20in x 30in x 350 h.p. Two High Reversing Mill. 5in x 12in x 10in wide variable speed Four High Hill. 3.5in x 8in x 9in wide variable speed Four High Mill, 10in x 16in wide fixed speed Two High Mill." 10in x 12in wide fixed speed Two High Mill.

6in x 16in x 20in wide Four High Mill. 2) CUT/LENGTH LINE 1,000 mm x 2 mm.

3) CUT/LENGTH LINE 750 mm x 3 mm.

4) CUT/LENGTH LINE 400 mm x 3 mm.

5) WIRE FLATTENING & NARROW STRIP ROLLING MILL, stand by rwf.

6) SLITTING LINE 920 mm x 10 ton coil by Cam.

7) SLITTING LINE 300 mm x 1 ton coil by Cam.

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11) GUILLOTINE 8ft x 0.125in Pearson.

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21) HORIZONTAL DRAW BLOCK 36in. Farmer Norton.

22) BAR & TUBE REELING MACHINE (2in). Plate.

23) WIRE DRAWING MACHINE 9 DIE cone type. Unity.

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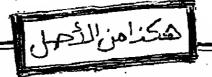
includes names like Whitbread and Lex Service Grosp Not only that; once the job is under way we're prepared to work like beavers. And to prove it we have doubled our annual turnover

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to the people at the end of each. year, but the people have no septation by Members of Partiament: that is no one to act on their behalf as watchdogs

Far from being another of those fashionable attacks on MPs for their alleged ineffective ness as representatives of their electors' interests, this is an analogy of the more obvious deficiency of representation of shareholders interests on the boards of public companies.

A STATE OF THE PERSON AND A STATE OF THE PER

l luriff

It is one of several vivid examples given by a paper in a recommendations.

new series of booklets on "Corporate Governance and Accountmost situations, the shility," being published during the summer by the Institute of Chartered Secretaries and Administrators.

The Institute sees the pnrpose of the series as stimulating debate about the more fordamental issues of "corporate governance," following the widespread discussion in recent years about individual elements of the subject, includ-ing industrial - democracy, audit committees, disclosure of information and accounting

The author of the Westminster analogy, and of one of the first papers, is Dr. Kenneth Midgley. He may be fac less well-known than many the same booklet. Sir Arthur of the other contributors to the Knight disputes this argument, series: men such as the chair-claiming that shareholders' man of Courtaulds, Sir Arthur meetings are "an important Knight, and the chairman of discipline" upon directors even the U.S. Securities and Ex- when they appear to be merely

How shareholders might develop the

Christopher Lorenz looks at a series of papers on management accountability

power of unused muscle

THE MANAGEMENT PAGE

For most companies, in most situations, the ritual of the veting machinery provides likely little more than a pointless charade." he says, referring especially to large, quoted companies. The low level of sbare-holder participation at annual general meetings "points to what might he described as the procedural facade of company control, rather than to lack of responsibility on the part of shareholders ... (who) are realistic rather than firesponsible about formal company control procedures."

Discipline

In an accompanying paper in

fact, one of Sir Arthur's points to become more light of proposed legislation on insider dealing.

Not only is Dr. Midgley doubtful ahont the viability of AGM's, -in no uncertain termsnon-executive directors and auditors. In both cases his doubts rest on several grounds, including: that non-executive directors "are in the board-room at the invitation of the Board rather than genuine appointees of shareholders;" and, "today, when many auditors are involved with their ciients as tax advisers and management consultants, it is doubtful whether they can be regarded as completely independent of company manage-

and control of public companies closer involvement in the com- emphasises that responsibility

researches have led him towards especially in view of the growth and enforce a continuous and some trenchant conclusions and in importance of institutional effective form of accountability, investors-but not in the way Dr. Midgley advocates the advocated by Dr. Midgley. In creation of direct private shareholder representatives on manthe annual general meeting and is that the role of AGM's is agement or supervisory boards (preferably the latter). They important, particularly in the should be proposed, not by the chairman of the company, but the shareholders themselves, he

> Counteriog the obvious objec-tion that institutional investors, and annual reports, as forms tion that institutional investors, of accountability, but he also who now own over half of quoted company ordinary questions the effectiveness of shares, can exert considerable pressure oo boards. Dr. Midgley gers are not direct investors, but intermediarles. So they "may not have the same intensity of interest in the profitability of their investments as the fairly large private shareholder. Nor, be maintains, do they

exercise continual supervision, "but rather begin to take a serious interest in control after signs of indisposition have begun to appear.' Sir Arthur Knight is decidedly

change Commission, Mr. Harold formal. He does suggest that ment.

Williams. But, as lecturer in the relationship hetween comFinance and Accounting at panies and their sbarebolders ing gap hetween the ownership changing conditions require a
Brighton Polytechnic, his should be developed further — and control of public companies closer involvement in the comless critical of the institutions, with treporting their recognition that bolders.

panies in which they invest, and accountability are not ability to employees, as with He also appears to he less identical. "A company may have shareholders, may be really sigsceptical about the effectivenesa of non-executive directors, and points in particular to the recent growth of interest in audit committees, composed mitting a report to them, entirely or mainly of such board illustrates the point thus;

Preponderance

"The much-quoted U.S. exdirectors ao often contain a preponderance of non-executive benefits of understanding and confidence which come from a

What about the board's sponsibility and accountability to interests other than the shareholders? Here again, Dr. Midgley is outspoken. Sir Arthur more restrained, though they both agree that boards' responsibilities towards employees should not be identical those towards share-

From the outset, Dr. Midgley

responsibilities towards various nificant only if a more continuparties, but this does not neces- ous and accessible contact with sarily mean it should be account- management is maintained than able to them in the sense of sub- at present operates in most committing a report to them." Ha

A man bas various responsibilities: not to commit bigamy, not to get drunk and disorderly. nor make a public nuisance of himself; hut these are dnties of perlence is hardly relevant," he a negative kind, and he does not claims, "since their boards of normally have to submit a report on his good behaviour. Nor, at present, does a company have to submit a report on its nonpollution of the atmosphere or its pursuance of an impartial well-balanced group of both employment policy, although it executives and non-executives." may, of course, make voluntary disclosure on such matters."

The law is currently moving towards requiring directors to bave regard to the interests of their company's employees, concedes Dr. Midgley. And he supports various forms of disclo-sure to employees, including posaibly the intended policy on mergers (though only in broad

But he argues that "account-

exists. But while a board should accept clear social responsi-bilities, it should not pursue and create tham as an end in themselves.'

Dr. Midgley is far less open to the notion that boards should be accountable for social and/or moral responsibilities and, for example, submit to a social audit. "Companies should certainly act with responsi-bility, but while accountability for hreaches of law cannot normally be avoided, there should, as things stand at present, be no need for positive accountability in the aense of a general statement of social good deeds or restraint from social wickedness. It is doubtful panies; for example; through whether a report along these works councils. such particilines would be more than a pation by employees could offer vague and pious statement of

self-approval. As far as the idea of an independent social audit is concerned, Dr. Midgley considers this would be more critical and objective, but that as a regular exercise it would be a costly and unjustified distraction "for the great majority of com-

* Dr. Midgley's and Sin Arthur Knight's papers for the ployees to challenge by the law the possibility that this require-ment has not been carried out." first booklet in the Corporate Gorernance and Accountability series. The third paper, by Horold Williams of the SEC on responsibility to people or authorities outside the company. The role of the corporate secretary in promoting corpor-ate accountability" is about to be published. Each booklet Dr. Midgley says that, even where government parameters are not provided, there will be costs £2.00, from the Institute circumstances where the comof Chartered Secretaries and pany, "as an organ of acciety, Administrators, 16. Park Cresa sense of responsibility even though no strict legal obligation cent. London W1N 4AH. Tel.

EXECUTIVE HEALTH

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Fighting the battle against allergies on three fronts

The first is deceptively easy. If one knows that certain foods cause one to suffer allergic reactions, then one should avoid them for ever because each indulgeoce leads to 10- hy desensitisation. Before this creasing trouble,

artificial prevention.

MANAGEMENT OF the com-

mation when unconscious.

moner varieties of allergy falls common allergic reactions is into three major categorics: usually by the use of antiavoidance; active defence; and biataminics. In severe reactions, corticosteroids are very effective and do not produce the occurs with many of the former drugs. The choice has to lie with the attending physician.

Active prevention is achieved can be done, the difficult search The same applies to medica- for the allergeos has to he ments. A sensible doctor asks made. Diagnostic kits are availa patient if he is allergic to, able to doctors, but most prefer say, penicillin, and if so, he to send patients to recognised precribes a totally unrelated clinics which attain great substance. It is wise for the accuracy. Such establishments patient to write such informa- can also produce specific solu-tion in a document carried on tions for a series of injections the person; or engrave it on tailored for each individual. of those silver bracelets. Carried out over many weeks, Even the most articulate indivi-dual cannot impart useful infor-of success.

When I was doing pacdiatries

of I remember an episode which and not to be so hasty. No valld talcum twice daily was when 1-150th of a strawberry on the is taught me a lesson or two. I answer could be expected for you were using it. The times of first day; 1-75th on the second was told to carry ont tests on a small boy who suffered from allergic asthma twice daily. Having carried out some 15 patchtests, I inspected them after about 1u minutes and, very foolishly, mentioned to the mother, a targe and overflowing sort of woman, and her nervous

The woman's reaction was positive. "Right!" she said, we'll kill the cat! That's your job, Hubert," she stated to ber busband. "So just run along and do the joh now!"

This summary execution order met with mild protests from Hubert, and terrible bellows of anguish from the small boy. Disturbed by what I had started, I begged the woman to be patient

another 15 minutes. The

cat was grumplly reprieved, and three of us were very happy eventually to find that the only strong reaction was to "Orris-root" which was widely used in talcum powders. I pondered about this. So the boy talcum-powders encountered husband that, at the momant, a twice daily! I tried a long sbot. slight reaction to "cat fur" was "Does young Sammy come and talk to you when you are dressing?" I asked the woman.

> She grew larger and redder. "Just what are you suggesting, young man?" she demanded. "Is there something wrong about a four-year-old talking to his mummy when she dresses? Are you trying to be offensive?"

"Certainly not!" I replied, "It merely occurred to me that the Cullinan devised a scheme for title only way the lad could inhale the man. This involved eating £4.95.

your powder.

prospects of better industrial

relations and some gain to pro-

ductivity, while occasioning no

In his paper, Sir Arthur

argues that legislation should

not define the need to recognise employees' interests "in such

a way that it is open to em-

As for the concept of social

should behave fairly and with

loss to shareholders."

Legislation

The woman grabbed her son and sailed off like a Spanish took bim to task: galleon, not beaten but jnst filled with impotent fury. To give her due credit, bowever, she stopped powdering the boy (who preferred the cat anyway) and his asthma occurred no

A curious form of desensitisation was employed by a con-He had a wealthy broker as a patient who could not eat strawberries without suffering from a rash. And that man just adored strawberries. Now the late lamented Dr. Edward

his asthma fit well. So please day and so on until, after soma don't kill the cat: just change months, he was consuming nearly a pound a day.

BY DR. DAYID CARRICK

Then he stopped, and Dr. C be admonished "because you bave prohably undone all the good we The man was unachieved." repentant: "Never mind," sald. "I am quite cured. Not only has it cost me a fortune, hut I never want to ace a strawherry again!"

Almost aversion therapy that, but as effective as the most exotic of scientific measures. A selection of Dr. Carrick's

past articles on various health topics has recently been pub-lished by Bay Books, under the title of Executive Health. Price

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Details from The Secretary, Studies, Maoagement Programme, Middx., UBS 3PH.

Managing the Development of Microprocessor Based Systems, London, September 25-26. Fee: £160. Details from Course Registrar, Bleasdale Computer Systems, 7, Church Path, Merton Park, London, SW19. Effective Negotiating, London. September 13. Details from Duke Street Courses, 57, Duke Street, Loodon WIM 5DH.

Manager Development Seminar,

Noise in Industry. Uxhridge, Director, University of Cam-Middx. September 25, Fee: £65. brldge, Board of Extra-Mural Studies, Madingley Hall, Madingley, Cambridge, Cambs., CB3 SAQ

China-opportunities for new husiness in the 1980's, London September 24-25. Fee: £250 (plus VAT). Details from Conference Manager. Institute for International Research, 70 Warren Street, London W1P

The Trade Union View of Industrial Relations, Henley. September 30-October 5. Fee: £325 (anproximately). Details from The Registrar, The Administrative Staff College, Cambridge. September 24-28. Greenlands, Henley-on-Thames, Fee: £285. Details from The Oxon RG9 3AU.

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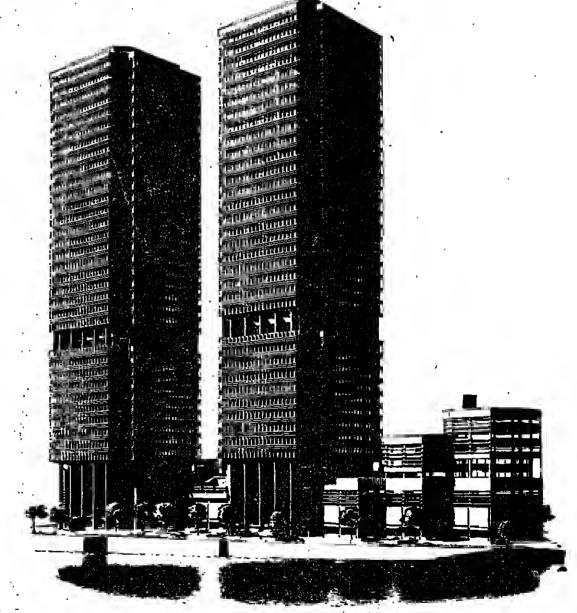
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Interest rates and sterling

BY SAMUEL BRITTAN

huilding up which are a much package. No-one can guess how greater immediate threat to the soon this package will come or Government's economic policy peak that the sterling dollar than anything emanating from rate is likely to reach mean-the unions. These are the while. rumblings which are now going on about the "high" level of interest rates and the strength of sterling.

is in fact the main force putting as I explained in Economic Viewpoint on June 28 ("Cheers for a Rising Pound"). Nevertheless, it is not possible both to have a rising sterling rate and intorest rates higher than in the other main financial centres for an indefinite period. Normally a relatively high rate of interest compensates for a falling not a rising exchange

Adjustment

It would be better if the odjustment come from interest rates and not from a reversol of sterling's movement. Geoffrey Wood sod Ian Richards, in a attribute the strength of stereffects of tight unooey torgets against the backgroued of temporarily high domestic inflation. They expect sterling to or direct intervention in the level off early next year "un-foreign exchange markets to less UK mooetary policy is hold down sterling. The tighteoed further." They do not objection, that either will drive expect a fall in sterling; nor would goe be desiroble.

Well before sterling levels nff international interest rote argument is that countries such differentials should narrow. This as Germany have ellowed temis already happening, mainly through other countries raising their interest rates as part of their anti-inflationory policies, But eventually UK rates will money supply comes under control. Sometime in 1980 both International and UK interest rates should he folling os a hullt-in natural corrective to the world recession that most people see coming oext year. The purely domestic opponeots of sound money con prob-

ahly he kept at hay. The higger threst comes from the opponents of the rise in sterling. remain on a falling trend for decades it will certainly not be recent weeks. Some combinnational support package should

TWO INDUSTRIAL lobbies are kind seen after November's sensible elements in the British how effective it will he nor the

Difficult

The best answer about what The strengthening of sterling to do while we are weiting is is in fact the main force putting "nothing," often the most diffi-some sort of hrake on inflation, cult policy of all; and it is worth putting up a fight for such a policy.

What however would he the

least evil form of interference if political pressures were to force the anthorities to act? course the Bank of England has in its drawer contingency plans in the form of penalties on monetary inflows from overseas as Germany and Switzerland have often used in the past. But it would be folly to contemplate such measures, even as a lesser evil, until the last remnants of outward exchange controls have heen removed, above all the restrictions on dollar portfolio investments and third country Buckmoster and Moore circulor, credits. Otherwise, we will have the absurdity of simultaneous ling, not only to oil, but to the inward and ontward controls.

But the worst measure of all would he a promature relaxation of domestic interest rates or direct intervention in the up the domestic money supply, causes fury to post-war traditionalists. Their most rational porary lapses in monetary conirol, in the face of upward pressures on their currencies, without an inflationary take-off.

Ii, the UK's inflationary history were like that of Germany, Austria or Switzerland, then the argument would make sense. But it makes none at all after a decade or more in which the British inflation rate has been one of the world's highest and in which the lapses from monetary control have been far more in evidence than the control itself.

Abandoning monetary targets Although the dollar could now, would destroy more jobs emain on a falling trend for than it would create on any horizon further than that of a allowed to fall on the scale of mole's. This is a lesson of recent history which our ecocomic ation of direct controls, mone-intellectuals are reluctant to tary restraints and an inter-learo and which some practical industrialists, for more underlead to at least a temporary standable reasons, find terribly recovery of the dollar of the difficult to accept.

IT WAS Dr. Johnson who first Every litigant seeks dis-recognised that the ordinary closure of any material that man is rarely fit to plead his own case in the courts, and needs a lawyer, to present evidence in an easily assimilable "A lawyer is to do for his client at the heart of the House of the report in legal privilege, court is not the only interest to the cause of the socident, all that his client might fairly do for himself if he could."

Thus any local content.

Thus any local content. do for himself if he could."

IT WAS Dr. Johnson who first

Thus any legal system - and particularly the adversary British Rail driver. In 1976 he system of English law — calls was involved in a railwey for lagal representation if it is accident. He received injuries to operate with anything like from which he later died. When

The adversary system demands above all that communications between lawyer and client should be strictly confidential, since the lawyer is for all intents and purposes the mouthpiece of his client; so too the material in the lawyer's brief or file must he protected. Such is the basis of the privilege — it is the client's and not the lawyer's privilege against disclosure of material collected for use in pending or anticipated litigation.

Privilege against disclosure

will assist or win his case, and that may often include material in the possession of his adversary. The resolution of

THE WEEK IN THE COURTS

BY JUSTINIAN

purpose had to be the sole public may well depend on the the day of the accident a hrlef report is made to the railway purpose, or the main one. incorporating statements of witnesses; this too is sent to the railway inspectorate which later reports to the Department of the Environment. It also goes shie to do so. But the adversary as inhihited by the fact that they. system of instice operates on may have to he prodoced if the the principle that a person is interests of due administration; entitled, within limits, to of justice should require their refuse to disclose the nature under the Fatal Accident Acts she faced a claim to privilege against disclosure of the joint of his ease, at least until trial. One side may not ask to see the statements of the other side's witnesses, or even to know who is heing called to give

production. While privilege may be required in order to induce frankness in statements made privilege. for litigation, It is not required" for the parallel purpose of

excessive

ourpose, or the main one. candour and completeness of trial. But to carry the protection ocuments should not be kept defeated that necessary in the interests of encouraging truthful revelation. Hence, the Law Lords held, the purpose of preparing for litigation should be either the sole purpose or the dominant purpose of the report in order to sustain a claim of legal

The evidence from British Rail was that the procuring of PUTPOSE

The joint internal report had a two-fold purpose. It was produced for railway operation and eafety purposes and also for the purpose of obtaining legal advice in anticipation of any of the most wait until the card is played and cannot try to see what cards his opponent is holding. The more potent reason for the privilege opponent is holding. The more potent reason for the privilege of the accident report to the need for a spin of legal professional privilege. Faced with the established purpose of the accident report to the need for a spin of legal professional privilege. The claim to legal privilege reflection of the need for a spin of legal professional privilege. The house of Lords was reflected to the production of the accident report to the face dains. The legal strict of the production of the accident report to the face dains. The legal professional privilege reflected to the production of the accident report to the face dains. The legal professional privilege reflection of the need for a spin of legal professional privilege. The need for a spin of legal professional privilege reflection of the need for a spin of legal professional privilege. The need for a spin of legal professional privilege reflected to the production of the sustained and new approach to litigation. The accident report to the sustained and new approach to litigation. The deciding claims to the production of the need for a spin of legal professional privilege. The need for a privilege reflection of the need for a privilege reflection of the need for a privilege. The need for a privilege reflection of the need for a priv

Need for new approach to litigation claims made against British Rail. The first was the more immediate purpose, hut both were considered equally important. The question for the courts was whether the second purpose was enough to shroud the report in legal privilege. The preparation of a case for certainly the hest evidence as confidentially of material that the should be only interest to the course of the accident. It was a contemporary privilege. The professional mine can accident it was a contemporary among the judges in the material that the should bare his breast accident; it would be not merely to the second to his lawyer.

The preparation of a case for certainly the hest evidence as confidentially of material that the should be not merely to his lawyer.

The preparation of a case for certainly the hest evidence as confidentially of material that the should be not merely to his lawyer.

The preparation of a case for certainly the hest evidence as confidentially of material that the should be not merely to his lawyer.

The preparation of a case for certainly the hest evidence as confidentially of material that the should be not merely to he accident. It was a contemporary privilege. The professional mine the merely the words of Sir George Jessel, money of eye-witnesses to the testing privilege. The professional mine the words of Sir George Jessel, money of eye-witnesses to the testing privilege. The professional mine the words of Sir George Jessel, money of eye-witnesses to the testing privilege. The professional mine the words of Sir George Jessel, money of eye-witnesses to the testing privilege. The professional mine the words of Sir George Jessel, money of eye-witnesses to the testing privilege. The professional mine the words of Sir George Jessel, money of eye-witnesses to the testing privilege. confidence is sometimes sought and even granted.

Adversary system

The public interest in dischosure could only be over-ridden in order that the Is it right that society should possessor of the report might remain content merely "to freely prepare his case for supply the forum and the legal code, and to leave the parties to select the evidence they It might he asserted that reports which draw attention to find against disclosure to select the evidence tney defects; this does not in law cases where hack from opponents and, if justify a claim to privilege, parpose was only secondary adduce to win their cause, hack from opponents and, if justify a claim to privilege, parpose was only secondary adduce to win their cause, the disclosure cannot be withheld, since the completeness of with another purpose would detaching the judge from the then the lawyer should not be reports has never been regarded, seem to be excessive and un-hurly-burly of the contest to the interests of enable him to view the rival contentions dispassionately? Or. should society abandon the age-old approach of denying a litigant the right to call on his adversary to make or aid his

> The desire to arrive at a just result by insisting on the maximum disclosure to the court of . all relevant material, reflected

that hegan early yssterday took little out of himself). It

looks set for a week's really at the hands of stable com-

the rain at last intervening, for, post locked together in a

Romani will represent the Stakes, looks to have a stiff task

Varingo, generally accepted as having won Salishury's Cham-

the fastest colt seen out this pagne Stakes and a maiden's

a good break since retaining his to shrug off his weller burden.

The privilege against dis-closure of information supplied by a client to his lawyer comes into conflict with another major principle of the administration of justice, namely, that all relevant evidence should be adduced before the court.

morning and continued well into

the day has taken a good deal

nf the sting out of Goodwood's

downland course and everything

competitive racing. Captain Rysn Price, for one,

will he more than heppy to see

had the ground remained firm,

he would not have considered

risking several from his high-

class team of juveniles. Now he

may he prepared to let Varingo,

Lavinsky and Romeo Romani,

among others, take their

At this stage it seems proh-

able that Variogo rather than the less experienced Romeo

stable in the meeting's two-

£20,000 added Richmond Stokes.

seasoo, with the possible excep-

tion of Try To Smile, has had

year-old feature event.

chonces.

is hard to see anything hut Lord Seymour fully testing him.

panion Final Straw left trainer Michael Stoute somewhat

aghast as the pair passed the

RACING

BY DOMINIC WIGAN

memorable finish to the July

Lavinsky, Price's intended runner for Wednesday's Foxhall

uoder 9 st 3 lbs. However, he

is a hig, powerfully made sort,

who has yet to he fully tested,

event at Newhury with ease. I

can see him making a hold hid

Lord Seymour has been work-

Mrs. Waugh's husband was a

an accident happens on the rail-

ways there is a standard prac-

tice about investigating it. On

inspectorate. Soon afterwards a

joint internal report is prepared

to the Board's lawyers. When

Mrs. Waugh brought an action

internal report.

Rain should mean bigger fields STEADY OVERNIGHT rain Ascot (where, in any event, he another colt to emphasise the fact that no trainer in Britain

> Price. He cost only 5,400 ing with zest since his defeat guineas... Although Stakes is the most richly eodowed two-your-old event, is might he that the Lanson Champagne Stakes will provide the week's highest quality field of juveniles. Those confirmed to run include London Bells, who recently lowered The Minstrel's two-year-old course record at the Curragh; Johnnie O'Day, considered by some to he the fastest colt in Ireland; Final Straw, and Henry Cecil's Parthian Gold.

meets with more success from

cheaply bought yearlings than

NEWCASTLE -Jeroboam ** 4.00-Kinetic

NOTTINGHAM 6.30—Detonste*** 7.00—Walking Express 7.25—Skin Diver 7.55—Verhalism 8.20—Brandish 8.50—Girton

RADIO 1

RADIO 2
S.00 a.m. News Summary. 5.3 Tony Brandon (s). 7.32 Terry Wogen (s). 10.03 Jimmy Young (s). 12.15 p.m. Waggonors' Walk. 12.30 Pete Murray's Open House' (s). 2.15. Oavid Hamilton (s). 4.15 Much Mora Music (c). 5.00 News. S.05 Waggonors' Walk. 5.20 John Ounn (s). 8.45 Sports Oest. 7.02 Music from the Movins (a). 7.30 Soor's Oesk. 7.33 Alan Osil including 7.33 The Oanca Band Osyo and 8.02 The 8ia Band Sound (s). 9.02 Humoirrey tyttellon with The Best of Jazz on records (s). 9.55 Sports Oesk. 10 02 Funny You Should Ask. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02.5.00 a.m. Yor and the Night and the Music, with Patrick Luni (s).

BBC Radio London 5.00 em As Redio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcage. 4.03 Home Run. 7.03 Black Londonors. 9.00 Areak-through. 10.03 Late Night London. 12.00-5.00 em As Radio 2.

Capital Radio Capital Radio
Show (5). 9.00 Michael Aspel (5).
12.00 Oave Ceah, 3.00 pm Peter Young
[5). 7.00 Lenden Today (8). 7.30
Jezz en a Summers Coy with Adrian
Love (S). 3.00 Nicky Henric's Your
Mother Wouldn't Like II (5). 11.00
Mike Allen's Late Show (S), 2.00 am
lan Oavidson's Night Flight (5).

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(Ultra-high frequency only). 9.35 Rooharh. 9.40 Jackanory.
9.55 C.B. Bears. 10.15 Why Don't
You . . . ? 10.49 The Fleshing
Blode. 1.15 pm News. 1.30
Trumpton. 3.35 Your Soogs of
Praise Choice. 4.13 Regional
News for England (except
London). 4.15 Play School (as
BBC-2, 11.00 am). 4.49 Deputy BBC-2 11.00 am), 4.49 Deputy Dawg, 4.45 Jigsaw, 5.10 Big John, John. 5.35 Cuptaio Pugwash.

hlack and white

BBC 1

6.40-7.55 am Open University

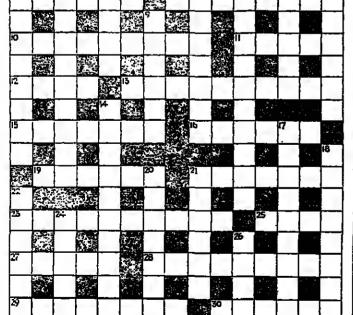
5.55 Nationwide (Loodon and South-East only). 6.20 Nationwide.

11.00 Good Evening Salford! 11.40 The Devil's Music, 12.05 am Weather / Regional

Spark. 12.05 am News and Weather for Scotland. Wates—1.30-1.45 pm Pili Pala. 5.35-6.20 Wales Today, 6.55-7.20 Heddiw. 12.05 am News and

Weather for Wales. Northern Ireland - 4.13-4.15

F.T. CROSSWORD PUZZLE No. 4,034



ACROSS

(8) 10 Apposite, but if I'm in front it's rude (9) 11 Has an intuition that the

recompense may he ahout

15 Put the measure in case to 14 A sailor has to ohtain a district close to the objective (6, 4)17 Amhassadors perhaps, have

model (9) 20 Afflict the company in swell

surroundings (7) finish the hosiness (4, 2)

ments (5) The double note always means time for action (1-3)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

CELTATURE:

1.20 pm Channel Luncblime News and What's On Where. 3.00 The Monday Mauinee: "Lanigan's Rabbi."
5.15 Cabbages and Kings. 5.00 Channel News. 6.10 The Severly Hillbillies. 10.28 Channel Lato News. 10.35 Sounde of Summor. 111.10

6.55 Ask The Family.

7.20 Explorors of the Deep.

8.10 Frank Sinatro, A Man and his Music (part 2).

Ireland.

England—5.53-6.20 pm Look 9.35 am First Tring. 10.50 26 Times in a Row. 10.55 West's Way. 11.20 The National Benzole Master Bowler Championship. 11.45 Occar and the 6.55 Ask The Family. 7.20 Explorers of the Deep. his Music (part 2).

9.00 News.
9.25 "The Duke," starring Rohert Conrad.
Rohert Conrad.
Salford! Midlands Today (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

12 Ring the German flower (4) beat resistance (6-4)

hurn (7) 16 We find the artist in a flood

wise amoog us (6) 21 A dog to heat the favourite 18 A step made in paole (8)

28 "You're playing —s, and he (4, 2) calls you had oames" 24 Draws about 500 ses move-(Tolanthe) (5.4)

and Shelley (6)
DOWN

4 Quietly turns the red to blue

of invective (6) 19 Customs established by the

23 Embroidery has to the Freoch little purpose (5, 5) 21 Afraid? You've got it-25 No marine standard (4) 27 You can't sink any lower (5) 22 Be forthcoming—start firing

29 Extracts a herb in a predica- 26 The double note always 30 Causes a split beween Percy

I The best nick is excellent (8) Saturday.

at the following limes:— Scotland—5.55-6.20 pm Report-ing Scotland. 8.10-9.00 The Vital

News.
All Regions as BBC-1 except

1 Drums for a chap among sailors (6)

spoil the drink (4, 6) 7 Boadicea's lot (5) 8 Made a home for a good man in distress (6) 13 River and rail combine to 9 Famous footballer goes round the street for a pound (6)

tire hospital (9)

3 A hird to revile (4)

certificates about a car

2 Hagglers doubly hesitant in

5 About to negotiate a refuge

6 Sufficient allowance sure to

The same of the control of the contr

unbeaten record at Royal News and Weather for Northern

BBC 2 6.49-7.55 am Open University.

11.00 Play School.
4.50 pm Open University:
6.55 Pick of the Philpott File.

Country. 9.25 Inside Story.

LONDON 9.30 am Beyond the Moon. 10.00 Open Air. 10.30 Cartoon Time. 10.50 The Coral World. 11.40 Greenwich: A People's Heritage. Greenwich: A People's Heritage.
12.00 Jamie and the Magic
Torch 12.10 pm Stepping Stones.
12.30 Emmcrdale Form. 1.90
News, plus FT indox. 1.20
Thames News. 1.30 All About
Toddlers. 2.90 Rumpole of the
Bailey, 3.00 Monday Matinee:
"The Gun and the Pulpit." 4.20
Clapperhoard. 4.45 Why Can't I
Go Homo? 5.15 Survival.
5.45 News.

5.45 News. 6.00 Thames News. 6.05 Miss Thames Television

6.35 Crossroads. 7.00 Oh Boy! 7.30 Coronation Street. 8.00 Spooner's Patch. 8.30 World In Action. 9.00 Spearhead. 10.00 News. 10.00 News. 10.30 Monday Star Movie: "Castle Keep." starring

Burt Lancaster.

Morton reads from Brother Roger of Tsize. All IBA Regions as London from except at the following times:-**ANGLIA** ANGLIA

10.30 am Andy's Party. 10.55 Weir's
Way. 11.20 The Netional Benzolo Master
Bowler Championship. 11.50 Oscar.
1.25 pm Anglia Nows. 2.00 Houseparty.
2.25 The Love Boat. 3.20 Rumpole of
the Bailey. 5.15 Get Some Inl 5.00
About Anglia. 10.30 Speedway—Match
of the Week. 11.15 Feature film: "Not
01 This Earth." 12.35 am Reflection.

12.25 am Close: Actor Hugh

10.30 am Olek Tracy, 10.35 Sesams Street, 11.35 Ghaet Busters, 1.20 pm ATV Newadesk, 3.00 Movie Malinee: "The Shall Game," 8.00 ATV Today, 10.30 Columbo, 12.15 am Something Oifferent,

ATV

Incidentally, Layinsky is pm Northern Ireland News. 5.53-6.20 Sceee Around Six. 12.05 am. 12.40 am News and Weather in French followed by Channel Gazette.

GRAMPIAN

GRANADA 11.00 Play School.

4.50 pm Open University:

6.55 Pick of the Philpott File.

7.45 Mid-evening News including sub-titles:

7.55 For Valour.

8.10 The Waltons.

9.00 Ronnie Prophet Sings
Country.

10.30 em Sesame Sercet: 11.25 Valley of the Omosaure.

11.45 A Handlul of Songs.

1.20 pm Ock Tracy. 73.00 Monday Matince: "Good Morning, Boys!" starring Will Boy. 5.10 Folix the Cat. 5.15 Crossroads. 8.00 Granada Reports. 0.30 Gat Some Int 110.30 The Monday Film: "The New Interns" starring George Segal, Telly Sevelee.

10.15 Best of Brass.
10.50 Return Call to Brass
Tacks.
11.00 Late News.
11.15 Gustave Courbet—Engine of Revolution.
12.05 am Closedown reading.

LONDON

10.30 am Andy's Party, 10.55 Weir's, Wey. 11.20 in Mationel Benzole Master Bowler Champonship. 11.45 Oscar and the Great Woolerop. 12.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.25 Report Wales Headlines. 3.00 The Mondey Matinus: The Man Willowie Country. 5.15 The Undersee Adventures of Contemporary Wales. 6.20 Crossroade. 6.00 Report West. 6.22 Report Wales. 10.35 Crimema Club.

Crimma Club.
HTV Cymru/Wales—As HTV General
Servico excepi: 1.20-1.25 pm Penawdau
Newyddion Y Cydd. 6.00-6.22 Y Oydd.
8.30-9.00 Yr Wythnos.
HTV West—As HTV General Service
cxcept: 1.20-1.30 pm Report Wasl
Hoaolineu. 6.22-7.00 Report West. SCOTTISH

10.30 am Andy's Perty. 10.55
Adventures in Rainbow Country. 11.20
The National Benzolo Master Bowler
Chempionehas. 11.45 Oscar. 1.25 pm
News. 2.00 Lavarney and Shiriley. 2.25
The Lile and Times ol Grizzley Adems.
5.15 Popeye. 5.20 Crossroeds. 6.00
Scordand Today—Summer Extra. 6.30
Crimedesk. 6.45 The Sounds of ...
The Sattlers. 10.30 Laru Call. 10.35
Colyste World Mixed Goll Chemsionshipe. 11.35 Take the Mick.

SOUTHERN

SOUTHERN

10.30 are Andy's Party. 10.56 Weir's Wey. 11.20 Ine National 8snzole Master Bowler Championablp. 11.45 Oace and the Great Woofsroo. 1.29 pm Southern News. 2.00 Houstparty. 2.25 The Love Boal. 3.20 Rumpole of the Sailey, 5.15 Oick Trecy Cartoon. 5.20. Crossroads. 5.00 Oay by Ooy. 10.30 Southern News Extra. 10.35 Doctor's Private Lives. 11.30 The Electric Theatre Show. 11.30 Scene in Profile (Sauth East Order poils). 12.00 Farm Propress. East ores only). 12.00 Farm Progress. TYNE TEES

8.25 am The Good Word followed by North East News Hoadlines. 10.30
Andy's Party. 10.55 Weir's Wey. 11.20
The National Benzole Maeter Bowler Championship. 11.45 Oscar and the Great Woolurgo. 1.20 pm North East News and Lookergund. 13.00 Mondey Molines—"Turkey Time." striring Tom Walla and Raigh Lynn. 6.15 The Seat Diaco in Town. 6.00 Northam Lile. 10.30
The New Avengers. 11.30 Jazz Night. 12.00 Police Surgeon. 12.30 am Epilogus.

ULSTER 10.30 am Andy'o Party. 10.56 Welr's Way. 11.20 The Notional Banzols Master Bowler Chompionship. 11.45 Occar. 1.20 pm Lunchime. 3.00 Monday Metinoo: The Shell Gams." 4.18 Uister News Headlines. 5.15 Cartoon Time. 5.20 Crosaroads. 9.00 Ulater Televicion News. 6.16 Femily Matters. 6.30 The Mary Tyler Moore Blow. 10.30 Mondey Movio "Sapphire." 12.10 am Bedilme.

WESTWARD

BORDER

10.30 am Andy'e Party. 10.55 Weir's Woy. 11.20 The National Benzols Meeter Bowler Cheropionahrp. 11.45 Oscar and the Greet Woofcroo. 1.20 pm Border News. 2.00 Houseparty. 2.25 Young Remsay. 3.20 Rumocis of the Bailey. 6.16 Cebbeges and Kings. 8.00 Loseround Monday. 6.20 The Sound Ol. Olary end Sports Oesk. 10.32 Westward The Os-Gooders. 12.00 Berder News Summary.

CHANNEL

1.20 pm Channal Lunchlime News and YORKSHIRE 10.30 e.m. The Horba, 10.45 Koscivako
—The Cruel Country, 11.35 The Roman
Nolidays, 1.20 p.m. Calendor News,
3.00 Untamed Frontier, 3.25 Stero
Ics. 3.50 The Sullivano, 5.15 Univor-

sity Chellenge. 5.00 Calendar (Emley Moor and Barmon) eds.). 10,30 The Calendar Question. 11.00,8 arney Miller. 11.30 On-gooders.

The National Benzole Master Bowler
Championship. 11.45 Oscar and the
Great Wooleroo. 1.20 pm Grampian
News Headlines. 3.00 Monday Mathaee:
"Cry For Help." 5.15 Out of Yown, 6.00
Grempian Toda; 5.05 Flair. 10.30
Relicetions, 10.35 The Monday Thriller:
"Kise the Girls and Make Them Ore."
12.25 om Grampian Lets Night Heedlines.

**Modium wave

5.00 a.m. As Redio 2. 6.00 Andy
Feebles. 9.00 Peter Powsll. 11.00

Feebles. 9.00 Peter Powsll. 11.00

Sedio 1 Roadshow, 12.30 p.m. Newsbeat. 12.45 Paul Sumett. 2.00 Tony
Bluckhum. 4.31 Kid Jenson, 7.00

Stayin' Alive. 8.00 Mike Read. 5.50

Newsbast: 10.00 Jahn Peul (s). 12.005.00 e.m. As Radio 2. RADIO 2

the Music, with Patrick Lunt (2).

RADIO 3

16.55 am Weether. 7.00 News. 7.05
Overture part 1 (5). 8.00 News. 8.05
Overture part 2 (5). 8.00 News. 8.05
Overture part 2 (5). 9.00 News. 8.05
This Week's Composer. Feraruccio
Busoni (5). 10.00 Ronald Stevenson's
Possacogne (5). 11.25 Fronch Music
of tha Lois 15th Century (5). 12.15
pm Midday Concert port 1 (5). 12.15
pm Midday Concert port 2 (S).
1.55 Simon Proeton organ recital (5).
2.25 Malinee Musicala (5). 3.25 New
Records (5). 4.25 Music Making (5).
15.45 News. 15.50 Homeword Bound.
15.15 At Homu. 7.10 Pred Ploer. 7.30
Proms 79 part 1: Carrur (5). 7.45
New Light on Brecht (talk by John
Feugl). 8.05 Proms 79 part 2: Lutonlowski (5). 8.25 The Boginning of My
Second Wack (story by Ion Howkins).
8.45 Proms 79 oart 3: Tispatt (5).
10.05 The Curso of Moses: Jomes
Joyce's poetry, with Terence Tiller.
10.30 Garald Mosers. The Unashemed
Accompanist: celebration of his 80th
birthday 15). 11.25 Jezz in Britain (5).
11.55-12.00 News.
VHF Only—6.00-7.00 am and S.45.
7.10 pm. Opon University.

RADIO 4
6.00 am News Briefins, 8.10 Farming Wook, 6.25 Shipping lorecast, 6.30 Today, including 6.45 Prayer for the Oey, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Oey, 8.45 The Young Vleiters by Ooisy Ashlord, 9.00 News, 9.05 Start-the Wook with Richard Baker, 10.00 News, 10.05 Wildlife, 10.30 Oelly Service, 10.45 Morning Story, 11.00 The Cost of Unemoloyment, 11.45 Listen with Mother, 12.00 Nows, 12.02 pm You end Yours, 12.27 Brain of Britain 1979 (S), 12.55 Woolher; progremmo news, 1.00 The World et One, 1.40 Tho Archors, 7.55 Shipping forecost, 2.00 News, 2.02 Women'a Hour, 3.00 News, 3.05 Allemon Thesire (S), 4.35 Story Time, 8.00 PM I News magazins, 8.50 Shipping forecost, 6.55 Woalher; programme nows, 6.00 News, 6.30 I'm Sorry I Haven'i a Clue (S), 7.00 Nows, 7.05 The Archors, 7.20 From Our Own Correspondent, 7.45 Tho Monday Play, 9.15 Many Noppy Stume with suther and travellor Rens Curtorth, 9.30 Kalgidoseopo, 9.59 Woelher, 10.00 The World Tonight, 11.00 A Book at Bedtimo, 11.15 The Finenciel World Tonight, 11.30 The Unlargerables, 12.00 News. RADIO 4

London Broadcasting
5.00 am Morning Mugie. 6.00 The
AM Show. 10.00 Brian Hayes. 2.00-8.00
pm LBC Reports with Gaorge Gale of
3.00. 8.00 After Eight. 9.00 Nightlino.
1.00 em Night Extra.

Season opens Mon. Aug 0 at 7.30c. The Phinegolo. Tues, Aug 7 at 5.30c The Valkyrie. Thuss, Aug 8 at 5.30 Siggified: Sar Aug 11 at 3.30c Twillight at the Goots. Now booking for September: Telephone bookings from tomorrow. DRURY LANE. CC. 01-8: Ilgens 25th September. Previe September 21 CARDL CHANNING

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THUNDESBOLT FROM BOVE THE
LANGUAGE BLAZZES WITH WIT AND
INTELLIGENCE AND ITS THEME
ELECTRIFIES," Daily Mail.

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COLDURS AND LAYERS OF ITS LAW
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FORMANCE ID WORTH COING
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2. SUCK ROGERS IN THE TH CENTURY (A). Pross. 2.00. 4.18, 25, 8.35e

JULY 28. 7.45 pm.
DPEN AIR REGENT'S PK. CC. 486 2421.
TWELFTH NIGHT. Toniant & Tomorrow
7.45. Wed 2.30.
A MIDSUMMER
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Munich Festival-3

Meistersinger, Werther

by MAX LOPPERT

A newcomer to the first third street sceep of Act 2 and the bolds sway. There were two of this year's Munich Festival interior of Act 2 and the discovered there a strange dispersity of standards. The less Festweise; but their appear familier or unfamiliar fare—

Forderachi in the National account the training without Penderecki in the National casual, tightweight without Theatre. Myslivek and Mozart's grace. Dreadful metal tables Gartneria in the Cuvillies—was and chairs filled what was supperformed with devotion and posed to be the Pegaitz meahigh.

attention by the audience. The two big, popular eveots of my five days-the new Meisterwith Fischer-Diesksu, the 1977 Werther with Domingo. revived for two festival performances—were an introduc-1100 to 2 different kind of operatic Munich: productions at worst coarse and unstylish, played to an audience apt to chatter and fidget (and permitted late arrival during the Wagner first acti, when not cheering the scenery and the singers indiscriminately.

I'm not sure what I expected from a first Meistersinner in Munich, the city where the opera was first given, I suppose I hope for a spirit of depth and seriousness, and feared its modern opposite, the spirit of Producer's Perversity, tampering with libretto and musical souse. Sugust Everding and his designer Jürgen Rose invoked neither; their stagiog was not serious, not innovative, only remoteh, crudely high-spirited, and often vulger. The period was moved forward by about tion centrales; the interior of St. Tarine's Church was a

performed with devotion and posed to be the Pegnitz meahigh accomplishment, by dow. for all the world as casembles cohesive and balanced; and were greeted with discrimination and intelligent attention by the audience. The cucumher sandwiches. Everding, a producer so im-

> fort or, worse, impstience with Wagner, in an account of the opera that joked and bounced unmercifully, shedding most of the romaotic poetry, iosensitive to the majestically steady inner rbythm of the music-drama dusky Mediterranean bes lt was filled with "owel" but she poured out, excition in "O Sachs! Mein Freuo yawned, rolled about in their and cleanly in the quintet. sests, mugged their incomprehension of Walther's "So rief de Lenz;" Peter Schreier, a disappointingly bumptious David, pulled faces during the recita-tion of the tooes; the Act 2 riot was a pillow fight, in which tumblers participated; the Nightwatchman won a laugh with his funny walk. And so on. No good points? Well, there was Beckmesser, tsll. nervous, and crotchety, very touching in Haos Günter Nöcker's heautitully timed characterisation. One looked forward to his every ap-

pearance. And there was Kurt Moll, in mellow, rock-steady voice, as Pogner. For the rest, the modern, non-legato manner of Wagner singing tended to prevail; it does so everywhere, it and wooden structures were seems, except where the influ-

born Davids in the cast—one of them, René Kollo, was singing Walther; and two born Beck-messers one of them, Dietrich Fischer-Dieskau, was singing Sachs. His barltooe, though puffed out and made consciously weighty, is no Sachs voice. At first he semed to bave eschewed pedantic verbal underliniogs; with the first mooologue, and "der Flieder, so MILD, so STARK und VOLL," old habits returned. The wbole performance, indeed, was a triumph of aginative and resourceful in Poradise Lost, evinced discomcerebration and minutely ap-plied effects: there was no

> wife, Julia Varady, was the Eva. 1 cannot quite bear the artless young girl in her voice. nor csn I see her in Varady's dusky Mediterranean besuty: but she poured out, excitiogly in "O Sachs! Mein Freuod!", Under Wolfgang Sawallisch. the playing of the Bavarian State Opera Orchestra was rackety, for the most part crudely blended and shallow of

breath of naturalness in it. His

tone. The chords at the start of the final Meisterlied were only the most notable of many that splayed during the evening. Tempi were fast; the opera burtled along. The effect was of conductor and producer working in perfect accord. Die Meistersinger had at least the duhious merit of determination in its coarseness. In Werther, uncertainty of style

dominated. There were ludicrous surrealist sets (box hedges impregnated with little glow-lights in the first two acts: snow falling in Albert's drawing room in the third). Kurt Horres's production also had its nonsensical moments - Cbarlotte keeled over in a falot at the close of the second act, and lay theré. like a rumpled picnic rug, while Albert looked on impassively and the curtain fell. Jesus Lopez-Cobos pulled Massenet's music about, sentimentalising and renderiog commonplace Its sweetness and its suave melodic lines. (He cut at least 48 bars from the end.) Singing in mangled French, the cast was decent German provincial-which served to underline the difference between Goethe's and Massener's views of the German provinces. Charlotte was Brigitte Fasshaender. handsome. bard-voiced, cold:

suffused with poetry. On first Apart from fleeting hints that inc is as sure, effective and pro-appearance, his hearing, his the players were not always fessional as ever but the movements (more delicate and detailed than I have seen from bls eyes set him apart. The words were clear-pronounced not so much idiomatically as with great feeling for their meaning, and for the way they lie upon the vocal line. His love for the opera, strongly evident, was never superabundantly displayed-the style was distinguished by care and tact. The voice did not always flow easily: the top seemed under pressure: but in the Ossian stropbes the tone was incomparably beautiful.

Riverside Studios

Masterwork?

size is cowerful and ing of Leporello's aria from Don

When the harmonic material be staged at Riverside in the note, sledgehammer to is interesting, as when he builds autumo. The piece seems to be not very substantial nut. up the material from the open-going to be a criticism of architects forcing people into moulds pounches: the product insistent Giorouni, the result has a weird and realises. Nyman has taken fascination. Where there's a form to quote, it will "demonstrate new catinati and hypootic tune of sorts blasted out under strate some of the overof Stave Reich and the figuration, as in Bird List, systemised and absurdly de-Gless and put them the best of the evening, it's aigned modulated systems of in a rock framework— almost attractive living "1. Nyman's sketches are But the major offering bad pure mould-music, rigidly overblaring horn and trom- neither of these features. I systemised. And its hypnotic decked out with the nice suppose any piece called Moster- repetitions did not, as with the touch of a couple of re- work will sound disappointing, best ot this repertoire, stimulate bees all mixed and amplified, and it is certainly 100 early to the senses subtly—they dulled domated by Nyman's own pass judgment on what were them forcibly. Long before the

Architecture

The shopping Kew by COLIN AMERY

the Prime Minister will per-form the official opening cerc-mony and no doubt her mind will wander from the marble halls of Milton Keynes back to than where she acquired ber first experience of looking after

Centre is a fer cry from anything of its kind yet seen in biggest planned urbso develop-ment ever undertaken in the UK and by the 1990's there will be at least 200,000 people settling into the new city in the countryside of North Buckioghamshire. Planners describe the shape of the fast growing city as remsrkably free from compromise. Other people who live io the new city and cope with its growing psins may have different words to describe their environment, but no one can argue with the fact that the city is about the most planned place in Britain and probably in Western Europc.

How does it all look? What sort of building is the great new centre? As you drive up the slight slope to the brow of the site sll you can see is a long, very long, low glass building. Or is it a building? Becsuse the architects bave chosen to clad most of the structure with reflective glass panels it is the reflections of the sky and the scudding clouds that you see. But as you get a little closer there is no doubt about the size and presence of

At the beginning of August one of Europe's largest covered shopping centres will open for business. Late in September the Prime Minister will perturb the Prime Minister will perturb the perturbation of the into infinity.

At the castern eod of the

centre is a large open space that is to be the City Sonare. This space is fringed by a belt of rough woodland that is a touching reminder of the woods and

The architecture of the centre is at all times incredibly recessive, smooth and rather other chain stores with their hideous lettering and hrash façades arrive. Already the Woolworths store stands out because it bas been designed without any special concern for anything other than its corporate image.

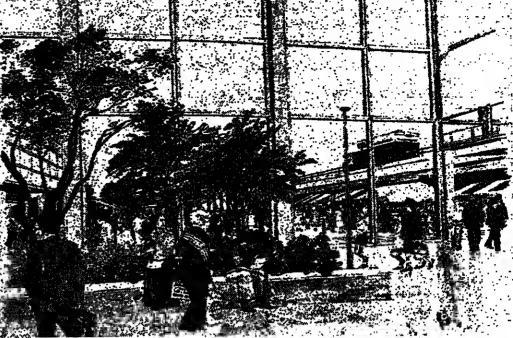
The whole centre raises the question of wbether or oot it is possible to design every aspect of the environment. A town centre is not like an airport or the ceotre. It is on the scale how the cool austerily of the of Verszilles, over 2.000 feer Milton Keynes Centre is too

the shop.

Miltoo Keynes Shopping site. But there is no room for any rural nostalgis at Milton Keynes—this is the new world. A Britsin. The new city Itself is few steps from the great square officially described as the biggest planned urbso develop- two arcades that lead into the shops and run the entire length of the centre. Unlike so many shopping centres this one is full of brilliaot light and the arcades are high and wide and floored with Travertine marble. Down the centre of these indoor streets are rows of flower beds surrounded by low marble henches. Banyan trees, camellias, pines, palms and an array of cscti and succulents grow luxuriaotly. It will be like shopping at Kew Gardens.

worldly. This impression is uniform and too controlled to has some mystic connection pubs and restaurants in this likely to fade as more and more have much meaning for the with the alignment of the centre but it will all be locked

a giant supermarket and some-how the cool austerily of the A curious geometrical pattern and styles that is found in any Milton Keynes Centre is too bas been laid into the floor that



uniform and too controlled to has some mystic connection pubs and restaurants in this people who are going to use it. centre on the point of the Mid- up after dark for the guard It is, by any standards, well designed, beautifully finished and Impressive by its aheer size. But it is the architecture of the Zodiac, perhaps to add to such an absurdly low density Wonderland-designed for a race of men that bave vet to be

summer sunrise. Steel bollards dogs to go on the prowl, Milton are decorated with the signs of Keynes bas been planned on

Not all the public spaces of easy access and sbelter from the a very well planned suburh. It the centre are indoors. There is a large garden court open to the weather that is partly lawn really being in a city that comes the same of the weather that is partly lawn really being in a city that comes the same of the

the impression that this is a that it cannot yet even pretend to be a city. Distances between Families will welcome the everything are too great. It is trees. As it grows it should feel like a great landscaped park. Milion Keynes is really Welwyn Garden City writ large.

Albert Hall/Radio 3

Dvorak's Fifth by Ronald CRICHTON

Dvorak's Symphony No. 5 in absolutely bappy in Dvorak's material has a streak of com- Pianos and Strings bave their (No. 3 is the old numbering), trickily exposed scoring, such a monplace and the view of the whimsical, dig-in-the-ribs side light and sometimes sharp in texture. Is just right for a hot symphony into the canon. The summer exening. Even so it will Fifth and No. 6 in D are the not land did not) pack the two most in need of belated Albert Hall. Unfamiliar works

acceptance, and Makerras Is their divinely appointed by cumposers popular for a their divinely handful only of their output British champion. can have as marked an effect at the hox office as unfashlonable contemporary music. The respectable audience that did go on Saturday (and had nandsome. bard-voiced, cold. 20 on Saturday land had ment orchestral suite born at see made almost nothing of the enough curlosity over for a ment orchestral suite born at words.

Williamson concerto and a the Proms in 1912 and played And despite all this, it was half-forgotten score by Frank memorable performance, for Erkley's heard a fine reading by thad a noble and ardent here, the BBC Concert Orchestra the war. Saturday's revival Domingo's whole being seemed under Sir Charles Makerras, partly explained why. The writ-

Eridge is baving a good cen-tenary year, as his reputation can surely take an occasional knock. The Sea, a four-moveseveral times thereafter by Wood, has been neglected since

performance should speed the with La Mer can't be shirked. Beside Debussy's command of the pull, swell, beauty and mystery of the waters. Bridge merely seems to go rock-pool appointed naddling with a shrimping net. His storm-finale is mild: for this, his pupil Britten made amends his pupil Britten made amends
many years later in Peter
Grimes. Bridge's See has been
comnared with "an English
water-colony"—ves, not however Turner but Erwardian book-lilustration, reliable technioue applied to genteel

> The isorhythmic shifts of Williamson's Concerto for Two su lively.

Crumb's Star Child by DOMINIC GILL

subject is limited. Comparisons but they add salt and wit. Since the work was a commission the presumably a condition, but except for the slow movement (a sort of saraband with slipped discs and much nicer than that sounds) the result at least in the Albert Hall inhibits the prebeginning the whole band hadn't sounded so compact and

ICA Theatre

Scars

Lonely" on the juke-box. The lights come up on a still life of brass instruments. A railway. scoring for strings only was track disappears into the distance. Three girls in black glower at each other. On tape, we hear a storm, the twitter of birds. One of the girls slowly dries some cutlery while another prepares o meal for the boy. cision the rbythmic patterns. He sits at the table removes the demand. Back-desk violins i lid on his plate and eats a page seemed straggly and remote from a book. The lighting is from the soloists (Maura Lympany and the composer). One might have noticed less if in the Bartered Bride overture at the Bartered Bride overture at the many parts. This is performance theating the rehole hard grown. He sits at the table, removes the

You either submit to this sort of stuff or you begin to fidget.

I fidgeted. A wedding march.

A white shade descends on the celebratory cake. Suddenly the temperature changes. It is hot a girl lies in a hammock and, to the accompaniment of jungle mosic, an animal skin rises from the floor to envelope her. Black magic. In a theatre, chocolates are proffered. The gestures are-Admirers of the music of the American composer George Crimb (b. 1929) will have looked forward with interest to looked forward with looked forward wit slow but immagulate. A fire ensues. Playground rolses. The three girls ere addressed by their tutor in the show's one; spoken line: "You are a good. weave surprising and complex bility that move nowhere in par-

girl, aren't you? The man goes from the pulpit to the table to collarse. A brass band plays "Onward Christian" ... Soldiers" and a French anthem. The girls pour a cup of tea. One of them has a white bird on her shoulder. The lights fade. We all go home. Somebody said it was about the Brotes, f thought bow good the People Show sre.

MICHAEL COVENEY

Beryl Grey to resign Beryl Grey is to resign next month as artistic director of the London Festival Ballet.

A statement issued jointly by the company and Miss Grey said she would be leaving as a result of restructuring. Miss Grey, who has been with

the company li years, will become one of the governors of the ballet's trust, advising on

by NICHOLAS KENYON

in a rock framework- almost attractive mechnically obsessive piano only

ambitions multi-media event to eternal roundabout and get off. written and composed by Ernest

musical sketches for an end. one wanted to stop the

performers,

A new British musical based Maxin, the BBC producer who the life of Barnsrdo's Homes won the 1978 BAFTA award. on the life of Barnsrdo's Homes founder, Dr. Thomas John Baroardo, will open on Wednesday, May 21, 1980 in London at the Royalty Theatre, Portugal Street, Kingsway. It will cost £300,000 to stage and will have a cast of 50 plus a 22-piece orchestra. The musical has been

eight

the British premiere of his latest, and in terms of lastrumental numbers so far his largest, work at last Friday's work only in the kind of parmissioned by the Ford Foundation of the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures, and in terms of lastrumental numbers so far his latest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move nowhere in partextures from the smallest responsibility that move now here lance that calls s hig spender a Prom. Even those unfamiliar with the name will have had big man; in musical substance it their curiosity quickened by is a feeble cousin indeed to the the description in the Prom best of Crumb's music — an prospectus of the forces empty and spendthrift indulinvolved—an expanded sym- gence, made of perhaps 10 phony orchestra including minutes-worth of ideas spun seven trumpets, several van- out, like musical candy floss, to loads of percussion played by oearly 40 minutes. Perhaps Crumb's most rehandbell

Musical about Dr. Barnardo

on the 1978 BAFTA award. estate agents and aurveyors are to sporsor an annual series of Tom Barnardo and his wife six celebrity concerts to National Syrie. with James Smillie in the Trust bouses in the South-East title role.

The series will start with a The role of Syrie requires a

dramatic actress with a good singing voice and Mr. Maxin says: "I will be looking for an English actress.

The National Trust recently play at Clandon on March 1, announced a new form of arts 1980.

sponsorship. Herring. Son and Daw a leading firm of London planist will play at the Vere in

specially commissioned pro-gramme from the Songmakers' Almanac to be beld at Clandon in Surrey, on December 15. The Petworth Gahrieli String Quartet will also October.

tion in 1977, there is not one sudden shouts from the brass, measure to match the definess riffs and swirls from the per-

and lively pointing of Aucient cussion; but nowhere a gesture, Voices of Children, the magical a texture or a line of real sub-

shifting colours of Eleven stance—all air and pretension, echoes of autumn, the sparkle a slick package of dooding from

of the three Mokrokosmos. The an uncharacteristically confused

Great music in great houses

very freedom offered by such but still fluent pen.

Emil Gilels, the Russian nlanist will play at the Vene in Hampshire in May, Henryk Szeryng, the Polish violinist wilt perform at Wimpole in July and Clifford Curzon will play at Cliveden in September. The first series of concerts will end with a performance by the Amadeus String Quartet at Petworth House in Sussex in

cussion; but nowbere a gesture,

TENNIS BY JOHN BARRETT

Essex capitalise on their luck

LUG OFTEN plays a vital part for another comfortable wio.

CECKET SY TREVOR BAILEY

y nave an enormous lead rset and competent Kent. nglaod selectors who, until nore than 80 wickets to his

Hier last week, having shot on Hampshire cheaply io the firs innings, Hardie—oot one of heir stars—produced the of East and Actield took advantage of a wearing in the later stages.

appeared to oe heading loose deliveries.

mixture of aggression and hall lift unpleasantly and the the other main coolenders, determination. They reached a spioners achieved turn and line a much improved respectable 170. Gloucestersbire's attack was

weak, with no second seamer to wheo Essex came in. But when exploit a pitch on which Brain Gloucestershire weot in again. weekend, ignored John captured five for 33 in nice. He is by far the most overs. Their spinoers did not seem bowler to the country have sufficient country and th. Essex are heading bowlers would have allowed ely for a "double" because Essex to climb off the floor, let have capitalised on their alone to regaio the initiative.

Line and length

On any wicket where the ball turns sharply and lifts, a find runs hard to come by, in innings. The contrasting spinner must concentrate on line spite of Zaheer and Procter and length. This is where the being quality performers and Gloucestershire pair, of slow the team's good support batting. left-armers. Childs and Graveley. Essex's chance will be further Saturday, Gloucestershire failed. Their 27 overs cost 114 improved by the fact that Brain, hustled out for 92 and runs and contained too many

Essex have improved their in delet and it is one of the But the pitch was unpredictable.

But the pitch was unpredictable, off-field facilities at Colebester, with almost and they were suddenly in deep but the pitch on Saturday was 200 points, are top of the trouble at 37 for 6. The not up to county standard. Seleptors County Champion-rescuers were Phillip, Turner Twenty-one wickets fell during and the tail, who played with a the day. The seamers made the sible at the cod of the Gloucstershire inoings and

> they scored 66 ruos for the sole loss of Sadiq. have sufficient control and their fielding was undistinguished. No team with good bowlers would have allowed Essex to climb off the floor, let pilch on which much of the top bas already good.

When the match is resumed, the Essex attack should have a straightforward task.
Gloucestershire are likely to the team's good support batting. Saturday's main executioner, has pulled a muscle.

problem of playing on a bad wicket by deciding it is impossible, not overely unpleasant. Britaio virtually dies after
They are not helped to the Wimbledon—at least as an
pavilion by hearing such cominternational spectacle. ments as "mine was unplaysble " or " it simply rose straight off s leogth."

The truth

The truth is that a baisman on an untrustworthy pitch needs some luck, especially at the start in tense application and the occasional calculated risk. After 20 minutes or so, life gradually becomes almost feasible, and there are few more rewarding important week of the domestic thiogs io cricket than playing a season with competition for vital innings in the circum, county places intense among the vital innings in the circum-

Essex, providing the total is not too high, should fancy their for the Essex men and the bute to the outlook of the rest chances in their second innings. chances in their second innings, especially as the admirable

County players reap rewards of lawn tennis could be excused

The truth is that at the heart of the summer season activity is intense. At county and, once the school term has ended, at junior level, there are events of quality which would surprise

for thinking that the game in

those who believed that only the Centre Court could produce excitement. Lasi week for instance, at sevco venues, 42 British counties fielded men's and women's teams of six players each to contest County Week. This doubles competition is perhaps the most

2,500 clubs. Last week's group one victory at Devonshire Park, Eastbourne ample evidence that with a deespecially as the admirable gree of support from the higher Miss Coles, Veronica Burton ranked players, county tennis now ranked 17 in Britain and can be every blt as rewarding Jane Plackett, Julia Lloyd and

tacle as the more glamourous Wimbledon.

I witnessed some exceptional rallies on Thursday when Essex,

without the services of the in-jured David Lloyd, our Davis Cup doubles expert, struggled to beat Middlesex, thair closest rivals, by five matches to four. The rubber in which John Marnoch and Kevin Harris beat the Middlesex third pair Bobby Wilson, the former Davis Cup player, and Jeremy Trafford 17-15, 11-9 after three bours

and 20 minutes was as competi-tive as any match. This was a fourth consecutive success for Essex who were without the middle Lloyd, John, absent in America and their fifth victory in all.

It was good to see Glynis Coles our fifth ranked player, leading the Middlesex girls. Her presence was worth a couple of rubbers a day and it was a tri-Linda Geeves who partnered

defeated. It was only while defeating Yorkshire by six rubbers to three in the last match on Fri-

day that Miss Coles and Miss Geeves were beaten. They lost to Sne Mappin, who guides the fortunes of British women's teams, and Jo Smedley. to spoil an otherwise un-hlemished record which left them with 14 wins to that one

This was a 20th victory in this competition for the Middle-sex girls who last won in 1973. Middlesex and finished second. They can still point to their glorious past, where the records show that they have won the inter-county competition 35 times. Middlesex, their nearest

The Lawn Tennis Association can be thankful that County Week, like this week's Junior. Grass Court Championships and next week's Junior Invitational Championships for the under-12s under-14s and under-18s-girls finalists.

challengers, still have some way

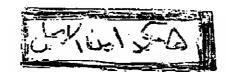
Batsmen often add to the EVEN THE KEENEST followers and even instructive as a spec- Sonia Davies, that the county all played on the splendid grass problem of playing on a bad, of lawn tennis could be excused tacle as the more glamourous went through the week uncounts at Devonshire Park, East-Prudential Assurance Company. There is no published figure for their county support, but for junior tennis in Britain, Pruden-

tial support the LTA with

£55,000 per year. In addition, here are promotions and staging costs which must cost the com-pany at least another £25,000. Without this sort of help it would not be possible to stage the sort of high quality event which will be played this week. With the exception of Stephen Shaw, David Crichton-Miller and Elizabeth Jones, who are representing Britain in the

European Youth Championships in Bastad in Sweden, all the leading young players are on view. Jeremy Bates of Surrey and

Keith Glibert of Buckinghamshire are seeded to meet in the boys final while Kate Brasher of Surrey and Sonia Davies of Middlesex are cost as the likely



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Monday July 30 1979

Rhodesia and Mrs. Thatcher

the Commonwealth breaking up terreoe in African affaira. if a solution were not found. The Conferences ended with the Commonwealth Intact, and the question still Rhodesian

The difference between this week's conference to Lusaka and those which went before ia twofold. On the one hand, there has been an internal settlement which has led, at least on the face of it to majority rule. It was the achievement of majority rule that was the original objective of Britain, the Commonweallb and the United Nations. Yet, on the other hand, this atate of affairs is plainly not acceptable to a large number of Rhodesian Africans, nor to the frontline African states nn Rhodesla's borders. At the same time, the guerrilla conflict which many predicted over the years is escalating to the point where it may yet become a protracted civil war.

The task of the Lusaka meeting, therefore, can be simply stated. It is to see whether it is possible to find a Rbodesian constitution that would be more acceptable than that of the internal settlement to African opinion, hoth inside and around Rhodesia. If that could he done. it should follow Ingleally that those African states which are to recognition Rhodesia under present conditions would be prepared to withdraw their objections, and also to end their support for the guerrilla forces. The way would then be clear for the lifting of economic spactions and the granting of Rhodeslan independence. The fighting might still continue, but at least it should be much diminshed.

No-one should underestimale the difficulties of this course. It is not clear, for instance, how easy it would be to secure the necesary constitutional changes. It is obscure whether Bishop Prime Rhodesian Minlster, actually wants changes to take place, and indeed it is impossible to be certain how much power he possesses. There is for majority rule for so long way to do lt.

THE QUESTION of Rhodesia mighl find it hard to make the has tended to domicate Com- mental jump to recognition monwealth Conferences for even if substantial changes almost the last 20 years, just as were achieved. There is, too, the solution has defied succes- the attitude of Nigeria, not a siva Britiah Prime Ministers, frontline atate but a consider-The then Mr. Wilson, Lord able African power which has Home (in his various incarna- so far opposed any form of comtionsl, Mr. Heath and Mr. promise. Not the least factor Callazhan all tried to reach a to be taken toto account is the settlement, and all failed. As reaction of the Soviet Union each Commonwealth Conference which, if nothing else, has approached, there was talk of demonstrated its ability to in-

Sanctions In spite of these difficulties.

however, the course outlined above is the senaihle one to The alternatives are direct outside intervention in amount to unilateral recognition of the present Rhodeslan regime intervention is simply that It would almost certainly create more problems than it would resolve. The case agains!
Britain solog it alone is that all the other problems raised by Rhodesia would remain: the fighting would continue and in all probability intensify. Soviet lovolvement would increase while Britain's relations with some of the key African statea won'd deteriorate, perbapa to noint.

Mrs. Thatcher, for all her other attributes, is a relative novice to African affairs. She has already made it clear—by her remarks in Canberra a few weeks ago, and, in passing, by her speech in the House of Commons last week-that her natural instinct would be to recognise the Muzorewa regime aa It atands. She has acknowledged that it would be preferable if the constitution that some African states would accept it as a basis for ludepen-Yct the Impression remains that if this cannot be done in the next few months, she will be prepared to recommend, or at least to accept, the lifting of sanctions by the British Parliament in November.

No deadline

It is precisely that impression that needs to be dispelled in Commonwealth Prime Ministers are meeting in an attempt to establish common ground. They will not succeed for going ahead wilb ber own preferred solution. After all these years there may be a The reason is that it is operat-natural desire to settle the log in a fiercely competitive for all. Recognition, either de fecto or de jure, of an unsallsalso the point that those African factory constitution, opposed stales which have been calling hy so many Africans, is not the

Making cars on a world scale

WHEN THE merger between an unexciting prospect for the Leyland and British Motor consumer. Yet that is the way Holdings was arranged more in which the industry seems to than ten years ago, it was be moving and it would be unargued that the two companies wise for governments or cumon their own would be increas- panies to ignore it. ingly hard pressed to survive in an Industry dominated by giant companies: they needed economies of scale which the merger would make possible. As turned nut, British Leyland found it difficult to achieve the projected economies and the management problema involved in putting the two companies to-gether were seriously underestimated. But the argument about economies of scale appears to he stronger than

Astronomical

Mr. Donald Petersen, a senior Ford Motor executive, told a conference in the U.S. last week operated on a world scale, with an annual capacity of at least 2m vehicles, would be conlestants in the world market hattle of the 1980s. "It is obvious," said Mr. Petersen, that many smaller specialised companies are going to survive only in marginal or protected domestic markets. Few of them can afford the astronomical costs of developing new models without associating with larger companies or turning directly to government for loans, subsidies or even partnerships."

Mr. Petersen painted a picture of a handful of companies, perhaps eight at the most, which nrganise component manufacture and vehicle assembly oo a global basis to minimise costs and maximise product quality. "The multinational sourcing of some parls and components will become slandard operating procedure for any automobile producer that elects to manufacture on a global

One hopes that the role of ing the same sorts of vehicles bending the rules to suit their for the same markets, presents national interests.

For BL, one of the smaller

and more vulnerable of the European companies. Mr. Petersen's comments strongly rein force the logic of the proposed agreement with Honda. So far this is no mure than an arrange ment to build a Honda car under licence and sell it in Europe through the BL network. But the smaller Japanese companies must be as concerned by preaent trends in the world industry as their European counterparts. Some of them already have international links, though it must be questionable wbether Isuzu and Toyo Kogyo relish a long-term future as junior partners of giant American con-panles. The scope for cooperation on a more equal basis between Japanese and European eompanies is certainly worth

Distortions

For the so-called host governments there is the danger of a scramble for favours from the multinational companies. The recent contest for what turned out to be an illusory Ford assembly plant in Europe is a sign of things to come. Competition will become even fiercer as developing countries like Brazil (which is already a substantial exporter of vehicles) seek new ways of enticing the multinationals to their ahores. Investment subsidies, tax concessions and export obligations all have a distorting effect on flows of capital and make it easier for companies to play one government off against another.

The only way to bring this competition under control is through an international agreement on the lines of GATT. the specialist producers will ha Such an agreement is desirable greater than Mr. Petersen thinks for many reasons and it is partiand that unexpected technical cularly relevant to motor developments will create new vehicles. If the industry is to opportunities for smaller com- be as concentrated as Mr. panies, as they have done to Petersen suggests, it is all the some extent in computers. An more important for competition oligopoly consisting of a few between the surviving comgiant corporations, all of roughly. panies to be as vigorous an poscomparable size and all product sible, without governments

N ADVOCATE defending state intervention io British private industry might well rest his case on two the National Enterprise Board's most successful investments. International Compulers (ICL) and Systime.

"Ladies and Gentlemeo of the electorate." he would say: "Without state ioterference, ICL would not exist. Without £40m of aoft loans from a Tory Government, il would not bave achieved its growth of profits and exporta. Without public funds, ICL would not have become attractive to private enterpriae. New coosider Systime, a

small computer company in Leeds which doubled its profit and sales last year-a fine example, we submit of the marriage of talent and technnlogy in the service of profit. to help it grow. "Why did it need state money? Because Systime has

never paid a dividend. And why has It not paid a dividend? Because its management believes profit should all be spent on research, development and new plant."

The healthy ducks

Systime and ICL in different which the Government has created with its directive that the NEB should on the one hand sell £100m worth of stock to the private sector yet on the other maintain a "high tech-nology" group of companics under its prolection. Thia disguises a rather inconvenient fact of life; the companies which capital market are exactly those companies for which state intervention has proved highly successful and, perhaps, essential, The 25 per cent holding io ICL and 50 per cent bolding in Ferranti are the most obvious examples. The NEB is being pressed to sell out, just wbcn the laxpayer is beginning to get a relurn on the risk capital iovested on his behalf.

On the olber hand, the NEB portfolio includes a group of smaller companies which are not lame ducks, as Ferranti restructuring from which ICL emerged, Systime is an excellent example. It is orivate and very If Mrs. Thatcher sets a deadline enterprising, but nevertheicss has required public funds to help it to grow.

Rhodeslan question once and market, selling small business computer systems against multinationals 100 times its size, from International Business Machines downwards. It is also an ambitious company, not prepared to tick over at last year's level of voluerable to foreign com-£845,000 profit on sales of £9m. petition. The NEB argues that Instead of paying themselves this market can only be attacked £845.000 profit on sales of £9m. Instead of paying themselves this market can only be attacked dividends. The founders have successfully by companies which decided to concentrate all their are large enough to invest force on growth, And that is a heavily in research and developlong hard road, because in the ment. marketing, and in a wide computer industry even £100m product range. of annual sales is quite small compared with the huge costs to provide overseas marketing of research and development.

Electricians spark

Battle-lines are already being drawn for a row which hids to

convulse the Trade Union Con-

gress at Blackpool early in

September. It will centre on the

deal, made at the weekend, under which 40,000 members of

Frank Chapple's Electrical and

Plambing Trades' Union will

have subscriptions in BLPA

In trade union terms, this is

beresv. TUC general accretary

Len Murray recently sent out a

letter to all affiliated unions.

telliog them not to involve them-

selves with private medical schemes. But Chapple is un-repentant about the deal he has

made with the Electrical Con-

tractors' Association, represent-

ing 2,300 companies. He bas

been quoted as saying: "No one

Martin Pettingall, an official of

the association, he expressed

We were planning to annum e

According to Pettingall, the

deal was arranged through the

joint industry brard-of which

Frank Chapple is a member-

afler several months of discus-

sion. It was not part of a wage

deal, but purely an "extra

The joint industry hoard is

based upon a counterpart in

the U.S. which has a private medical care acbeme. "I am

sure the idea came from there,"

Although the deal applies to

only about one in ten members

tedly the biggest hreak-through

made among trade unlons by

private medicine. But when I

executive of BUPA. he dls-

National Health Service as "a

benefit" for employees.

says Pettingall

storm in a tea-cup."

it next weekend," he said,

When I vesterday contacted hers.

is going to slop it"

for them by their

BUPA uproar

pald



Sir Leslie Murphy

Consequently the company might not be very attractive to private venture capitalists, unless they were prepared to wait a long time for their profit. Of course, there always is the hope of capital appreciation, but quite recently Systime did find that il was not enough to attract the Institutions, and Systime went to the NEB instead. On July 20 Sir Keith Joseph, the Industry Secretary called in to see Systime, which happens to he in his constituancy, and he is reported to bave come away highly impressed.

The NEB holds minority stakes of between 25 per cent and 30 per cent in a group of similar companies which have successful records designing and selling computer systems. All are small, and all will need substantial funds if they are to grow at the fast rate needed to attack export markels in the U.S., Japan, and Europe on a significant acale. In the past they have not been very successful in attracting private funds hecause of a combination of ignorance and caution in the large institutions. Even if the investment clintate is now milder, a sale of the NEB's assets to these companies would raise only a trivial sum compared with the Government's total require-In addition to these private

companies to which the NEB has taken minurity stakes, three completely new subsidiaries have been started which will require total funding of £100m or perhaps considerably more. They are INMOS, INSAC, and NEXOS. The trio is part of a general strategy which the NEB has been evelving for the electroales industry and which is closely related to the investmenis in the computer systems companies like Systime, Logica, and Commuter Programmers (CAP).

This strategy is hased on the fairly simple proposition that apart from ICL, the British computer and office systems industry is fragmented and very

INSAC was therefore formed

"Why can't we take things

leave Zimhahwe till the

Nearly 20 per cent of mem-

unionisis, either individually or

A typical reaction to the news of the EPTU deal came

from Bernard Dix, assistant scoreral secretary of NUPE:
"It's a stab in the back for the NHS." Chapple could not be

reached yesterday for details of

his claims that several white-

collar nnions have made BUPA

Bill McCall, general secretary

of the powerful institute of Pro-

fessional Civil Servants, Iold

our having ever negotiated

Nor do I know of any union-

Confederation of Health Service

ciple" to discontinue any rela-

tionship with independent bos-

At the Blackpool congress,

"There is no question of

deals. He was said to be "visit-

in groups," said Damarell.

When I asked bim to

he declined.

end?

in alphahetical order

them.

oame

ing friends,

which has.

shock that the news had gut out, bers of BUPA are trade

of the big EPTU, it is undoub- BUPA deals with employers.

talked to Derek Damerell, chief there will he a motion from the

missed the angry reaction of Employees, calling on all unions involved with the unions "as a matter of prin-

He said that other trade pltals, and urging the TUC to

unlona had negotiated BUPA co-ordinate a campaign against

arrangements for their mem- private bealth care.

group of computer systems and programming companies under the NEB umbrella. Its job is to extend the range of the husiness in which they are already succeasful by providing co-ordinated marketing as well as extra money to develop new

30

20

10

NEXOS was founded to pro-vide marketing and development money in communicating office systems. They include computer based typing stations which will he connected with electronic filing aystems, and will absorb the functions of the traditional telex. A wide range of big companies, including IBM, Xerox, Siemens of Germany, Dutch Philips, and the General Electric Company are preparing for a major assault on this growing market, NEXOS will let contracts to a group of small com-nantes including the systems businesses in which the NEB has taken or is planning to take an interest. The third, and most contro-

versial, of the new companies. is INMOS, the subsidiary established last year to make microclectronic chips. INMOS is at the farthest remove from the central strategy, because even on an optimistic forecast it Exxon, in the U.S., for would not be able to make a example, has used its oil companies for several years. argued that semiconductor chip manufacturers will be of ceotral strategic importance to the makers of computer equipment. By then it will be possible to ctch a powerful computer with Im components on to a single chip a few millimeters square. Few people can comprehend atl world semiconductor leaders in the next decade.

Budget will be limited

Whether or not the new Tory Government liked this strategy in principle, It has been forced n practice to accept the general lines of the NEB's arguments. Sir Keith told Parliament on July 19 that these "dozen or the atrategy.

NEB's disposals this year. "The market has been discouraged in recent years from supporting such ventures," he said. "Time will anyway be needed for these companies to evolve before the seems sensible to use the NEB as one means of familiarising the market with new techit will be limited, but clearly defined."

so newly established high tech-nology companies would be

1978

World Market for Small Communicating Computers

A Tory dilemma over NEB'S

high technology interests

This raises, but fails to answer, the fundamental question of how much influence the NEB should be allowed to exert in co-ordinating the efforts of those companies in electronic Information systems. A policy of sprinkling a few million pounds of equity capital over companies like Systime Is quite different from a long-term plan for the growth of the wbole estate. Whoever believes that all these small companies will be nurtured to maturity by free enterprise alone should look very carefully at the methods which the multinationals can crowd out smaller competitors.

special contribution to the other money to move into the electronles industry on a broad However, by the mid-1980s it is front from semiconductor compocents to office systems with a strategy similar at least in scope to that of the NEB. Exxon, panles recognise that eleccompete effectively in that sort of market. Those that cannot compete will be forced into a corner, producing specialised equipment in small quantities. In Britain, with a weak home market and few large companles in the sector, a good case ean he made to support the NEB view that someone should co-ordinate the efforts of the smaller companies. The Government may, of course, agree with the argument, but any that the NEB is the wrong body to plan

allow those trapped to contact the outside world. Moreover,

the macbine does away with air

tubes which can give hank

I had scarcely heard these

arguments before the news

broke of the Marseilles robbery

in which an ex-mercenary secu-

rity guard stole up to \$6m. How did he neutralise the other

guarda? By locking them in a

Wood-carvers and curio sellers

abould make a killing during Intervals of the Commonwealth

Conference in Lusaka. But If

this warning can reach them in time, visiting journalists and

pnlitical advisers eager to hring

bome a memento of Zambla ahould be very wary of the men

who sidle up with bits of

been quite a lot of disruption-

especially on the Copperbelt-

because of vanishing traffic

lights. Officials have threatened

severe penalties against people

caught stealing glass from the robots. Red and amber lights

ara nntouched-the nnes that

disappear are the green for go.

are the local street-corner "emerald" sellers. They bave

discovered that pleces from the

robots are easier to foist off

on unsuspecting customers than

the chips from mineral-water

bottles which in the past were

their main source of revenue.

The culprits, it has emerged,

In recent months there has

robbers an advantage.

Glassy guile

tough battle to continue its advance in the large and medium sized systems marker

easily serve under the ICL flag

Second, ICL is preparing, or

should be preparing, for a very

IBM has proved unexpectedly aggressive with the anniouscement of its new 4300 range of medium sized computers. By the use of very advanced com-ponents, it has been able to slash the price to a third or a quarter for a given level of performance. The growing strength of the Japanese and the continuing improvement in pressure will not slacken for at least a decade. Entirely new ypes of computer are now being developed, for example, from components which are fremselves complicated miniature computers.

Although ICL is well up in the development of some of these new systems, the new technologies may demand huge expenditure on development. It is therefore not impossible that ICL. like most of its foreign competitors will in the 1980s once more require Government

Government pessimism

the market. A new semiconduc-tor venture with Fairchild of the U.S. the acquisition of A.B. Dick the U.S. office equip-ment company, and several Under the Labour Government, the NEB was considering in a rather general way, the possibility of using its 25 per cent stake in ICL to bring the com-pany into a closer relationship company which must now be with its other electronics hold-The weakness of the NEB in

its role of electronics strategist has been that it intended to compete with the multinationals without having an effective substitute for the management structures of the multinationals. It operates basically as a holding company and takes little active part in the running of the elec-tronics companies in its port-

This policy of non-interference .. had advantages, but it is not at all clear whether marketing and development organisations like NEXOS could exercise adequate quality and servicing of equipquality and servicing of equipquent made for it by other companles. Even under a Covernment which amilad on its ambitions the trak of NEXOS would
be formidable. If it is started of funds the task would be hopos-

lble.
The Government's decision to reverse: the engines of state ystems? sector. Its pessimism about the It is a possible strategy. If effectiveness of state enterprise Sir Keith intended to dismantle may be well founded, but the the strategic power of the NEB free market solution to Britain's the strategic power of tha NEB tree market solution to Britain's it would be very unwise not to structural weakness in the section of an alternative. The tor is by no means obvious free market by itself could. Sir Keith Joseph cale to provide plenty of alternatives— his office with the conviction that but mostly with German, the strong would be Japanese and American names strengthened by the harser distribution to promoting ciplines of the free narket. ICL to the command of a bigger. Since then he has beet told

At the right

TERMINALS & PERIPHERALS

Who, then, could fill the power vacuum which would be

pruned so severely that its strategy could not be effective?

There are only two credible

British-owned candidates, ICL and General Electric. Of the

two, ICL seems the most likely.

GEC bas enough money and the desire to enter the field, but it

is already assembling its own jig-saw of acquisitions and

development projects to attack

other moves show its purpose.

looking anxionsly at develop-

ments in the wider office equip-

met market. As computers be-

computer companies must look

panding their range of products. If miniature computers

are to become integral parts of

typing stations, then compoter.

companies may have to sell

complete office systems to remain competitive.

come ever smaller and cheaper

ICL ia a successful compater

LATE 1980's Source TEXAS INSTRE

ICL, certainly, would be interested in acquiring parts of the NEB's empire including some of its interests in com-puter systems companies and tronics are developing so fast perhaps even slices of INMOS that the successful groups will and NEXOS at the right price, need a wide range of different which means, very cheaply, technologies to be combined in From the Government for some the implications of this extra new and unexpected ways. Con- nr view, ICL could find favour. ordinary technology, but cer-iainly it will create a revolution a television which connected to an being a profitable fast grow-ing free enterprise company.

among office products. The NEB comouter and can make auto-with a successful history of among office products. The NEB computer and can make auto- has argued therefore, that it is consential to form a British- owned company which will be jostling for position among the systems?

battalion are twofold First, repeatedly that in Britis elecsome of the troops might not tronics the strong are alo the like it. Systime for example few.

s course of the le

Allega Eper have

The Party Liese

the serious be

The Concession

and build bad

Sand Bressney

Pecce or the pa

E WE OF DEAL

Forcel Corpe

for a whole gain



Soldiers, Sailors and Airmen all risk mental breakdown from war ex-

Some are only 19, a few are nearly 90 years of age,

We help them at home and in hospital. We run our own Convalescent Ho For some, we provide work in a sheltered industry, so that they can without charity, for others, a Veteruns' Home where they can see out days in peace. These men and women have given their minds to their Country. If we to help them, we must have funds. Do please lielp to repay this wast de-

EX-SERUKES

Some of the worst wounds...

.....



It used to be called shell-shock. Now we know more. We know that # are limitations to the human mind.

to death and violence whilst in the service of our Country. Service keeping the peace no less than in making war. We devote our efforts solely to the welfare of these men and women the Services. Men and women who have tried to give more than they or

"They've given more than they could please give as much as you can"

MENTAL WELFARE SOCIETY 37 Thurloe Street, London SW7 2LL-01-584 8685

Connoisseurs of quangos should be alert to 1bc imminent hirth of unquestionably the higgest of them all, Not surprisingly, it will be in tha United States.

This is President Carter's pro-

Like many quangos, the ESC ment as yet unnamed.

The mega-quango's job will be lo try to make fuals out of coal, rotting vegetation and even rubhish. Sceptics say there sbould be an electric turbine harnessed to the hot air coming out of the boardroom.

The prospect of being locked

In real life, how many people are accidentally or deliberately shut inln bank vaults-are there any known cases? Chubb were forced to admit that they did not know of any. "There have been three or four cases of people trapned behind the iron grills," said e spokesman doggedly. Still, £2,700 is not much for a machine that will keep up the oxygen supply and

Talking big

posed Energy Security Corporation, to be launched later this year with assets of \$88bn. The figure is more thon the combined assets of General Motors and Exxon, and exceeds the grnss national product of several sizeable European coun-

will have an inherent contradictinn-although the sponsors say it will be independent of government, there will be four presidential nominees on its sevenman board, plus the secretaries of the Energy Department, the Treasury and one other depart-

Inside job

in a hank vault, with no means of calling for help, then gradually dying of suffocation or hunger has all the horror of an Edger Allan Poe story. But I was a little cool towerds the announcement by Chubb, the safe company, that it had devised a "life support system" for paople trapped in vaults.

Proves something A colleague last week telephoned a leading magazine for which he bad written an article

and spoke to a temporary secre-tary. "Can you let me have my proof?" he demanded. There was a long pause, then very suspiciously ahe replied: "Just whet sort of proof do you

Gamble with high stakes

By Roger Matthews Cairo Correspondent

PRESIDENT ANWAR SADAT this year made his choice for Egypt—peace with Israel and, optimistically, the road to prosperity for his 41m people. "This is an exciting time," he said recently. "What you are witnessing is the creation of a new nation which will be a model for the Third World."

persuade his people to take up arms against Israel. In itself this might be seen, especially by the American administration.

as sufficient justification for the peace treaty, whatever the prob-lems it has caused in the rest

Even without the encourage-

ment given to Islamic funda-

ment given to triamic tunda-mentalism by the revolution in Iran and the political vibra-tions this is sending through-out the Arab world it is certain

that the terms of the Egyptian-

far exceeded the fears of Mr. Carter and Mr. Sadat. The Palestinian siege of the

Palestinian siege of the Egyptian embassy in Ankara served as a reminder, too, that

of the Middle East.

For the peasant sharing a single-room mudbrick dwelling with his animals, the nrban office worker keeping a family of six on £25 e month and the property developers netting millions. from the mushrooming luxury apartment and hotel buildings in Cairo, the Presi-dent has promised that times

to be repaid.

In their enthusiasm to match insensitivity in explaining the care careful credible 99.95 per cent referendam vote in favour of the peace treaty, although this should not be allowed. referendum vote in favour of especially the main Guld; oil the peace treaty, although this producers and Jordan, this should not be allowed to detract opposition has developed into a political and economic however majority of Egyptians are unmission. majority of Egyptians are unmis-takably, pleased by what has happened. But as President Jimmy Carter, the main mover in bringing the treaty to Egyptian embassy in Ankara fruition, is finding, foreign served as a reminder, too, that policy triumphs are no substitute in the longer term for suc-violently opposed to what Egyptian embassy in Ankara served as a reminder, too, that there are groups and states that in the longer term for suc-violently opposed to what Egyptian embassy in Ankara served as a reminder, too, that tute in the longer term for sucviolently opposed to what Egypt cessful economic policies at home. This is all the more relevant when the foreign policy directed particularly against triumphs are themselves sub- the Saudi Arabian royal family,

After 30 years and four wars Egypt has finally made peace with Israel - only to find itself in conflict with the rest of the Arab world. This Survey assesses the economic and political challenges facing the country and the prospects for a lasting peace.



President Sadat with U.S. Secretary of State Cyrus Vance and Israeli Prime Minister Menachem Begin after their meeting in May

vant when the foreign policy directed particularly against tribute to further instability in the most moderate of Pales with the rest of the Arab world in the same time street and already that has passed since President Sadat went to Jerusalem in November. 1977, it has become more unlikely that any Egyptian scarcely needs enemies. While Middle-East settlement, so the leader would again be able to Mr. Begin's policies and actions possibilities of the Egyptian is successfully drive away even Government mending fences with the rest of the Arab world Sheikh Ahmed Zaki Yamani, oil prices and supply. Sudan and Omar retain diplomatic relations with Cairo, and rises to the Palestinian issue states, by cutting off the prevalent sheit to see the overthrow of Mr. Falture to pressure Israel into Egypt, are placing the responsing to weaken Egypt's already. Arab territories can but con-affoat economically squarely on

the shouldars of President Carter and the United States. In this process Mr. Sadat has been an eager participant and without reference to his Western partners has boldly announced a \$15bn five-year "Carter Plan" to underpin Egypt's economic development. So far the response of the U.S., together with West Germany and Japan, who are being asked to take up some of the Arab aid slack as the two other main anticipated contributors, bas not been enthusiastic. The U.S. has stepped up its \$1bn in aid a year by a further \$100,000 annually for the next three years, but there have been no new pledges from West Ger-many and Japan which are both beavily dependent on Arab oil. As the possible effects of the Arab boycott ara beginning to be felt in Cairo, so the Govern-ment has for the first time shown real alarm.

In a working document circulated to the beads of government attending last month's Tokyo summit of industrialised nations, the Egyptian Government painted a sharply worsening picture of the economy and concluded: "Arab aid was helpful in development If its absence causes delay in this process the hands of the rejectionist countries will be strengthened, a matter which might cause delay to the progress of peace."

What is needed, according to the Government, is \$18.5bn over

between project financing and commodity credits. Even allowing for the exaggeration aimed at spurring the Western Governments into increased generosity the balance of payments projections for 1979 are alarming and even incredible. They show a balance of trade deficit this year of \$4.3hn compared with \$3.3hn in 1973 and an overall balance of payments deficit leaping from \$1.9hn last year to a staggering \$5.4hn. These figures presume that exports will device that exports will device the check and the second stage of cline by about eight per cent, that remittances from Egyptian workers abroad and tourism earnings will together plummet by 50 per cent, or nearly \$1.6bn, and that Arah deposits worth \$1.9bn will be withdrawn from the Central Bank.

Should these predictions prove even remotely accurate and western economic organisa tions take a view sharply opposed to that of the Government, which has begun to show signs of regret at their publication—then it would be fair to predict also either a radical shift in foreign policy by Mr. Sadat or his replacement.

Difficult

Equally difficult to comprehend is how Egypt anticipates being able to utilise \$18.5hn over the next five years, knowing that Western Governments tie their aid to specific projects and only very rarely provide diract balance of payments support. Last year Egypt received just under \$2hn in all forms of aid, and the main continuing prob-lem for the donors was to employ the money already in the pipeline and to find sufficient attractive projects for future years. Some foreign aid officials estimate that at the moment Egypt can only realistically dishurse aid at the rate of about \$2bn without causing more serious inflationary pressures and embarking on projects that are not adequately prepared.

Until the past month Egypt's current external position did not seem one of its more pressing problems, but the latest balance of payments projections now pat more emphasis on the stalled SDR 600m IMF facility and the hid to raise up to \$300m on the Eurocurrency market, both of which would provide funds for direct balance of payments sup-port. However there seems little possibility of Egypt being able to draw on the IMF until it takes the next five years to be divided more positive action to limit its

Sadat-man of peace





The Citation

In the course of the last 30 years the people of the Middle East have four times been ravaged by wars. During these three decades many sincere efforts have been made to find a road to the solution of the complicated problems of this area.

With the historic visit of President Anwar. Sadat to Jerusalem in November 1977 a. breach was forced in the psychological wall which, for a whole generation; has blocked understanding and human contact between Egypt and Israel.

In the efforts to reach a realistic peace order which could build bridges between former enemies and present conflicts of interest the positive initiative taken by President Carter has also played a great role.

The two framework agreements on peace in the Middle East and peace between Egypt and Israel which were agreed upon in Camp David, and which presuppose a courageous will to peace on the part of President Sadat... represent in themselves a victory for the idea of peace in this part of the world.

However, essential negotiations still remain before the idea of peace is anchored in binding political agreements, which can secure a future without war to the warexhausted people of the Middle East.

By the award of the peace prize for 1978 to Menachem Begin and Anwar Sadat the Nobel committee wishes not only to honour actions already performed in the service of peace, but also to encourage further efforts to work out practical solutions which can give reality to those hopes of a lasting peace, as they have been kindled by the framework.

The Treaty of Peace:

A Summary

The Sinai: Israel will withdraw from the Sinai over the next threa years beginning with an agreed sequence starting with the north coast. Within nine months from the signing of the treaty, Israeli forces will have moved east of a line running from El Arish to Ras Muhammed.

Palestinian self rule: Within a month of the treaty's ratification Egypt and Israel willbegin negotiations to implement the agreement on Palestinian self-rule. They agree to try in good faith to complete negotiations on the details of self-rule within a year. There will then be elections of Palestinian local councils as a first step towards self-government. This will be followed by a five-year transitional period during which the final status of the West Bank. and Gaza Strip will be negotiated.

Security: UN representatives will remain in the Sinai to make it a buffer area. Any change in the security arrangements, which can be reviewed at any time by the request of either party, must be by mutual agreement.

Oil: Israel will withdraw from the Sinai oilfields within seven months from the signing of the treaty. The US has guaranteed to supply Israel's oil requirements for 15 years should an embargo be imposed against Israel.

 Normal relations: After ratification of the treaty, a state of peace will be established between Egypt and Israel. After the first phase of the Sinai withdrawal (within nine months) normal and friendly relations will be established and ambassadors will be exchanged after 10 months. At the same

time, all trade and economic barriers will be ifted, as will begin no later than six months, after completion of the interim withdrawal. There will be free movement of people and vehicles between the two countries.

• Free passage of ships: Israeli ships and cargoes going to and from Israel will have the same right of free passage in the Suez Canal as ships of other countries. The Gulf of Aqaba will be regarded as an international waterway.

SADAT: THE MAN

A Biography

From his earliest years. Anwar El-Sadat has been driven by a vision of an Egypt free and at peace. As a child in the quiet village of Mit Abul Kum, where he was born on 25 December 1918, he acquired a profound love of his homeland and a fierce desire for Egyptian self-determination. By 1938, when he graduated from the Royal Military Academy, this desire had crystallized into action: founder and leader of the Free Officers' Organization, he promoted the idea of armed revolution and social change. Two years' imprisonment and a further year as a fugitive resulted, followed by an 18-month period in solitary confinement. However, his

detention did not break the organization, as its leadership was taken over by Gamal Abdel

Sadat has described his last eight months in prison as 'the happiest period in my life'. He attained a spiritual strength focused around his country and the Egyptian people which has influenced all his subsequent actions. 'It was in cell 54 that I discovered that love is truly the key to everything... and so I have proceeded from love in discharging my duty... now that I am President of Egypt."

Sadat played a key role in the 1952 Revolution, capturing the radio service and the telephone network and broadcasting the first official statement telling the Egyptian people that the Revolution had begun

Appointed Minister of State and then Secretary General of the Preparatory Committee of the National Congress after the Revolution, Sadat was elected President of the National Assembly in 1950, an office which he retained until 1958 when he was elected to membership of the Higher Executive Committee and made Secretary of the Political Affairs Committee. The following year he became First Vice-President of Egypt.

At Nasser's death in 1970. Sadat was elected President of the Republic of Egypt.









A Place in History

Since his historic visit to Jerusalem in November 1977. Anwar El-Sadat has established himself as a man of peace.

His peace initiative was undertaken in the certain knowledge that Egypt risked some measure of isolation.

The speech in the Knesset with which Sadat began his final drive to peace spoke of the past without bitterness and of the future with hope, relying on the desire for peace. What is past is past, he told the Israeli people. Let us take a fresh look at the Middle East situation ·free of prejudice.

And in the difficult months which followed, Sadat achieved the first treaty of peace between Egypt and Israel since an Egyptian Pharaoh swore friendship with King Solomon 3.000 years ago.

Despite the difficulties which have yet to be surmounted, the Peace Treaty marks a change of heart which few could have andcipated. Where the spirit of peace prevails, its letter will not be allowed to present obstacles in the vital negotiations for Palestinian autonomy which lie ahead.

In achieving this step Sadat has shown himself to be a man who can 'wage peace', to use President Carter's phrase, and a man whose vision of peace and love has been strong.

Extract from the introduction by Safwat El-Sherif Chairman. State Information Service in a hook published by The Egyptian State Information Service

through the Press and Information Service Egyptian Embassy 26 South Street London WI

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Politics

Experiment with power

of President Anwar Sadat held elections billed as the freest and first involving full parties in Egypt since the overthrow of King Farouk in 1952.

They marked the third pbase in Mr. Sadat's experiment with different forms of political representation since he succeeded President Nasser in

The first was the perseverance with the Arab Socialist Union (ASU), a largely unresponsive single party established by Nasser to control and direct political activities. Under the second, in 1976, permission was second, in 1976, permission was given to various political trends to form manabir or tribunes virtually semi-parties. There were three: of the left, right and centre. These contested elections in November 1976 with the centre tribune—headed by the then Prime Minister—winning all but 48 of the 280 contested seats. Soon aftercontested seats. Soon after-wards it was decided to turn

these into parties. Even at this stage a consistent trend in Mr. Sadat's party-making became apparent for, then as now, the formally-constituted parties never truly coincided with political movements within the country. Indeed, Mr. Sadat discovered that by opening the political door to manabir he allowed the party, a nationalist and opposi-tion organisation dating back to the days of the monarchy. In spite of President Nasser's ban on political parties, its support had not been eroded over the years, and it thus threatened to evolve into a political force the Government's control (in January 1978, it applied to the ASU, carrying out one of its residual roles, to become a full political party under the new rules of qualification). This, in turn, encouraged others to follow suit, throwing up another characteristic of Mr. Sadat's politicking and experiments with democracy. For it is apparent that in the end be · For it is wants only a system which presents no conceivable threat to his position, and which at best will offer friendly

parties slipping from his con-trol President Sadat makes wide theory at least, by "workers use of the referendum to appeal and peasants" was retained.) direct to the people for support. In el-Sha'ab of June 19. Mr. In recent years he has had four, Shukri wrote that "I would

• After the bread riots of 1977, 99.42 per cent approval to clamp down on opposition including public demonstrations and industrial strikes

 May 1978, 98.29 per cent approval to curtail parties ontsida the system, effectively the Wafdists, Nasserites and Communists. (In June the neo-Wafdists dissolved themselves.) • April 1979 two : the first gave 99.95 per cent approval of the peace treaty with Israel; and the second gave 99.90 per cent approval for the dissolution of Parliament.

Artificial

In many ways the circumstances of this year's elections were artificial. On the basis of the argument that because the people had apoken in support of the peace treaty through the referendam, this topic was not allowed during canvassing. In addition, discussion of issues affecting social harmony (a move against the Right-wing Moslem Brethren) or national unity (here the target was the Com-munists) was banned. Through inspired bureaucratic delays, such parties as the National Front (pro-Islamic and anti-Sadat), and the International Progressives (independent) were unable to register on time. In many areas, the canvassing was followed with passionate interest, but there is little doubt that hallots were rigged, and that potentially troublesome but popular candidates widely mysteriously failed to be

But President Sadat had bis way. Of the 38? contested seata National Democratic Party (NDP), won 302, the faithful onvosition Socialist Labour Party (SLP) led by Mr. Ibrahim Shukri, a former Agriculture Minister, 29. and the Socialist Liberals on the right three. To protect minority interests, particularly those of the Copts, 10 additional members were anpointed, and the election of 30 women, the biebest number ever (and all but two NDP sunporters) was assured. (The To counter the possibilities of old Nasserite halance of 50 per

LAST MONTH, the Government all with overwhelming results hasten to admit that the great are perhaps three most clearly of President Anwar Sadat held in favour of measures pro- majority was going to be for identifiable trends in Egypt at the NDP but not by this over- present. The first is the Moslem

Mohieddin, a former "Free Officer" with Nasser. He and the only other UPP member parliament lost their seats and all 29 other candidates were defeated. What has emerged is a parliament with occasional lively debates, but largely submissive, through the predominant NDP, to President

Sadat'a wishes.

It is characteristic of the President that he should have gone for overkill in holding the first "free," multi-party elections. It is incongruous, first, because as a result of the peace treaty with Israel and the possibilities of some account. bilities of some economic presperity, be is genuinely and widely popular. Second, with supporters run most of the main were personified by such men institutions in Egypt—the as Mr. Mumtaz Nassar who armed forces, the universities argued this case on strictly legal argued the massage in broader terms, such papers, the provinces and the uez Canal

Thus it would seem that there might have been leeway to permit even a 5 per cent expression of criticism of the treaty, which was, after all, a highly controversial measure. In acting thus, President Sadathad several motives. First, he wanted to ensure that he obtained a firm mandate while. tained a firm mandate while cies genera the euphoria of peace was still particular. strong and before domestic What is l economic problems accumu; lated. Thus the election was held two years before it was legally required. Second, he was anxious to show tha international community that Egypt was the most democratic state in the Arab world, and that it

whelming number and not by Brethren, with its own mouththose members said to repre- piece the weekly al-Da wa ("that the country as a whole and in sent (that party). Similarly, the call") whose circulation is at spite of the fact that one seconder parties and independents least 50,000. Sadat's own tion, the air force, has been were going to represent the personal piety has certainly disappointed at the failure of minerity by all means but not refer the impression come from sent deliveries. minority, by all means, but not given them the impression, this meagre minority. He strengthened undoubtedly by went on to criticise the role of persistent moves to clamp down the regional governors and on the left, that they hold a their intervention on behalf of favoured position beyond the NDP candidates, and com- one they have bad in Egyptian plained that the SLP would society for decades. This has under normal circumstances led to a number of anti-Coptic have won more seats, but that Incidents this year. The Mosiem this "will not prevent us play. Brethren, who have a dominant ing our role fully in this following in the universities, historic stage of our country. have been given a further hoost.

The most significant result by the Islamic-led overthrow of was the total elimination of the the Shah of Iran. By virtue of left-wing Unionist Progressive Party (UPP), led by Mr. Khaled pan-Arabism, and are therefore Mohieddin. a furmer Free hostile towards pelicies which have led to Egypt's isolation in the Arab world and the apparent abandonment of East

Jerusalem to Israeli occupation. Finally, Islamic values provide in their fundamentalist form a cushion for ordinary people against the stresses of a run-down economy, over which the Government in popular terms has appeared to have little, if any, control.

Sovereignty

The second force is repre-sented by those nationalists concerned with the infringement of Egypt's sovereignty caused by the treaty. Within Parliament and before its dissolution—they a trend reflected the views of middle-of-the-road opposition, who doubted the extent of the benefits which would accrue to Egypt and the Arab world, as a whole, from the treaty. Third, there was the Left, largely represented by the UPP, but bringing with them: Nasserites; Marxists and those religious elements critical of Sadat's pollcies generally, and tha treaty in

What is likely to be the result of the lack of parallelism be-tween official political parties and these more spontaneous. ground, as Mr. Khaled and sometimes inspired way of sample ments.

Mohieddin claims is Sadar's in tackling problems — whether captal inflows tention. But at this stage, opporalations with Israel, the U.S. or in the Arab world, and that it tention. But at this stage, opportunity of merited Western and, sitien—although in Moslem the Soviet Union or the econamy. Sitien—although in Moslem the Soviet Union or the econamy. The stage who do not make themport of the U.S. Third, the deeply felt and emotional and selves out clearly in the end to elections were symptomatic of in others, logically based and be with him are judged to be a genuine liberal streak which—with such outlets as the UPP foes. And President Sadat's innewspaper al-Ahall, The stinet—everysince the Left fried area of free expression.

The fact is that this third readership of 150,000 (now de mooths of President Naser's funct after repeated bannings) death—has always been to take ment, although presented in does not represent the feelings measures to consolidate his bosirepresent the more sophisticated terms than of the majority. In addition in tion alread of time, before, is as little representative as much as it is possible to Anthony Metive as previous efforts. There gauge the feelings of the armed Anthony Metive as previous efforts.

their crucial support. This is because the army is probably a broad reflection of feelings in some promised arms deliveries.

President Sadat, seen in the context of other previous rulers of Egypt, shares with them the trait of being basically unwilling. to share power. But the new element he has introduced has been to involve the village and its values as the source of political inspiration. His predecessors tended to start from the more political urban centres and move out to the countries. This theme of rural values runs parallel with his presentation of himself not so much as a ruler of the country, but rather Father of the Egyptian Family.

A critical difference between Sadar and Nasser is that muk-habarat—the internal intelligence services—although still active are not so spenly perva-sive and oppressive. The Sadat approach is to put a gradually stiffing blanket over potential opposition. This exercise has now been completed with Parliament. Attention is now being hald to bring the Press legally into line officially codified as the "fourth estate." Over the years, its most opinionated and often critical writers have been eased out (although in many cases they still remain on the payroll of al Ahram). As a result the Press has become so anodyne as to be hardly worth more than cursory perusal. This is to be carried further by an amendment to the constitution which will transfer ownership of the Press from the ASU (which will finally be laid to rest) in a Higher Press Council. This, if is feared will bring newspapers ultimately under closer Government control. In closer Government concrea. In addition, it is being proposed that a higher house of parliament—Maglis al-Shoura. ("the consultative council.")—should be introduced, al-Akhhar on July 15 said that this will comprise 150 members, of whom 88 would be appointed.

The external

The Sadat approach to domestrends? There is always the fisk tic politics is in the sud, re- tace (5-4) ... that they will ha driven under- flection of his often simplistic are indees...

Anthony McDermott

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CONTINUED FROM PREVIOUS PAGE

nificently across the world staga-as first "the hero of the cross-ing" (October 1973) and then ing" (October 1973) and then as "the hero of peace" Mr. Sadat was able with Arab and U.S. assistance to disguse his admitted lack of interest in economic matters and avoid making politically difficult deci-alons. Only once, in January 1977, dld he briefly attempt to grasp the budgetary nettle by cutting subsidies on some essen-tial commodities. On that occasion he was so badly stung by two days of bloody rioting that he is obviously reluctant to:

Impractical

Since then the official view has been that policies advocated by the IMF are theoretically ossible but politically impractical. Some small efforts have been made to increase Government revenue and to control public spanding, but their impact has been minimal when set alongside a population that is growing by over a militon every year. Despite all the official pronouncements about making the desert bloom, Egypt's cultivatable land area is improved cropping techniques and more modern tachnology cannot be expected to produce

one, and while Egypt may fairly. Arabia and the other more od-claim to be the most politically erste nations. Ilberal of all Arab nations, there. Meanwhile be can offer imwas nothing much in the elec- self and his still very pow tions to suggest they had been armed forces as the regr's

Party, it might he assumed that the election was as much about who was defeated as to who was elected. Only one MP, Mr. Nuntaz Nassar, who had voted in Parliament against the peace treaty survived the election. His votes were counted under the watchful eye of his supporters. scareclely increasing, while armed with sub-machine guns, Only perhaps in the rather wilder countryside of Upper Egypt could that occur - eise.

and more modern tachnology cannot be expected to produce anything more than a fraction of the extra food needed each was well in control.

There is simultaneously at Sadat has not so far produce to the minute of the steady drift from the country. Alt. Sadat has not so far produce to the minute of the second postfolio as Foreign and the Prime Minister. Dr. Minister in the minor Cabines all finest of the second postfolio as Foreign all finest of the second postfolio as Foreign all finest of the produce tens of thousands of restuffle that followed the parnew jobs and bousing units every year and it is not sur interest that Dr. Khalli is showing about the possibility of more emphatic and perhaps radical policies.

Domestic critics of Mr. Sadat has not so far produce tens of thousands of restuffle that followed the parnew jobs and bousing units applicated the possibility of more emphatic and perhaps radical policies.

Domestic critics of Mr. Sadat has not so far produce tens of the consistent with the Prime and the single state of the second postfolio as Foreign all field when the same prise of the world's resource in the minor Cabines of the world's resource in the minor Cabines all field when the same prise of the second postfolio as foreign all field when the same prise of the second postfolio as foreign all field when the same prise of the world in the world in the wind another scapegoat in the short of the second postfolio as foreign all field when the same prise of the second postfolio as foreign all field when the same prise of the world when the same prise of the world when the same prise of the second postfolio as foreign all field with short and the wind another scapegoat in the same prise of the second postfolio as foreign all field with a short and the same prise of the world with the partition of the team negotiat gardent and the same prise of the same prise of

rising and highly inflationary budget deficit, and Western capital offered a real to Egyptian sovereignty in bout opportunity to develop a manustrice, years' time.

banks appear to have become facturing base. They cite the for fear of offending more affluent Arab customers.

Meanwhile, the vast gulf between what Mr. Sadat promises the people and what is being told to the industrialised nations is the clearest example of his political dilemma. Striding magnificently across the world staga as first "the hero of the crossing" (October 1973) and then as "the hero of pagee" Mr. Sadat, with the hero of pagee" Mr. Sadat, with the hero of pagee" Mr. Sadat, with the majority political party under and some acriety applied present the same time Mr. Sadat is three years' time.

The aim of President Salat is The aim of President Salat is probably to do nothing to count thus probably to do nothing to reach the boat at home while ministries, the lack of a contraction herween rock the boat at home while ministries, the lack of a contraction making process that accrues to a man with his probably to do nothing to reach the years' time.

The aim of President Salat is The aim of President Salat is probably to do nothing to reach this probably to do nothing to reach the years' time.

The aim of President Salat is The aim of President Salat is probably to do nothing to reach the years' time.

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The aim of President Salat is three years' time.

The aim of President Salat is t majority political party under and some acutely applied pres-President Sadat and the recent sure from the oil producer can "multi-party" general election push the Israelis into cocedheld two years before it was ing something for the Palitindue — were supposed to give ians that can at least be pre-the country that extra impetus sented as putting them of the lt needed to meet the challenge road to autonomy, then he by-of the 1980s. Yet the new Par-liament looks much like the old

> modelled on democracy as it is understood in the West.
>
> When the Egyptian Press gives almost as much prominence to the defeat of the only two members of Parliament from the Left-wing unionist Progressive Party as it does to the totally assured victory of Mr. Sadat's National Democratic ern desart or the gulf of Salat the supplies would be gu teed:

Ip this overall aim he isf course banking heavily on a assessment of the Egypn people long saffering, fat-tic, mainly smiling, use tolerant and above all cyr when it comes to their lead words But now, instead of ing to make sacrifices for struggle against Israel, they listening to a man who prou

The economy

Scepticism remains

EGYPTIANS ARE on the whole It is the domestic economy to see how controlled problems of their engines of their fullers to assume that —an enormons population requirements for external they are being affected:

The Suez Canal is unlikely to be affected unless the Arabs

The suex canal their engines seem doubtful.

The Suez Canal is unlikely to be affected unless the Arabs peace treaty with Israel. There an inefficient public sector, have been too many years of inflation, falling agricultural sters apologetically now call a hard grind with few of the basic production and uncontrolled working paper, full of inconday to day problems—crowded budget deficit, and swollen sistent statistics and doubtful housing and streets, rising food cities—which is being miseconomic conclusions. It was costs and overstretched public handled most. services—being solved.

Over the years, they have had under pressure from two sides, to experience President Nasser's The new factor is the Arab boy-centrally run: economy and, cott first set up in principle al since 1974. President Sadats the Baghdad summit of "open door" policy with its November last year and then amphasis on encouraging the put into practice at the second private sector and foreign summit at the end of March. investment So it does not come The old factors have always easily for people to believe that been around. an end to their perpetual One of the major problems is distress is round the corner. that Mr. Sadat is not deeply

tackling domestic problems. For deserved a financial reward, it is clear that unless the Arab particularly as be was being boycott bites harder, the threatened by an Arab boycott. Egyptian Government broadly has the external part of its the Ministry of Economy and economy within manageable Economic Co-operation on a paper to be presented to the

1 17

Egypt's economy is at present

that Mr. Sadat is not deeply Nevertheless, there is no interested in the economy, and doubt that expectations have tends to over-politicise most been aroused. Further, if the major economic exercises. The peace treaty bolds, the Govern- June Tokyo summit was a case ment will no longer have the in point. After the peace treaty "everything for the with Israel, Mr. Sadat felt with partle" as an excuse for not some justification that Egypt So in the spring work began in

BALANCE OF PAYMENTS (US\$m)

7		_	
	1978	1979	1979 Adjusted
on the second of	Actual (1)	Projection (2)	projection (3).
· 1 Visibles Exports	1,984.0 5,283.5	2,400.0 -6,700.0	2,200.0 6,500.0
Trade balance	-3,299.5	-4,300.0	-4,300.0
2 Invisibles Receipts Payments	3,445.7 1,420.4	4,275.0 -1,600.0	2,700.9 -1,600:9
Balance	2,025.3	2,675.0	1,100.0
3 Balance (1+2) 4 Transfers	-1,274.2 345.1	-1,625.0 50.0	-3,200.0 50.0
5 Balance (3+4) 5 Capital inflows 5 Debt repayments	- 929.1 · 2.386.1: -1.333-2	-1,575.0 1,900.0 - 325.0	-3,150.0 5,375.0 -2,225.0
Net capital inflows	1,053.1		
J.Overall surplus (5+6). Source: Ministry of Econom	124.0 ny and Econo	mic Co-opera	ition

slapdash document which minipresumptuous, too, of Egypt to assume that the summit would have time to discuss its plight. In the and, President Carter raised the matter bilaterally of with individual Heads of State.

Startling

Most of its conclusions were startling. They were, first, that as a result of the boycott imports from Arab countries would fall by 3 per cent and exports by 12 per cent. • That half the \$2bn deposits

with the central bank mainly from Saudi Arabia and Kuwait bad been recalled. That remittances from Egyptian workers abroad worth

\$1.7bn in 1978 and tourist receipts would be reduced by ● That the investment potential of the Arab Organisation for Industrialisation (AOI) of \$1.5bn had been lost because of

its dissolution. • As a result of the halt of Arab ald since January and the withdrawal of deposits, taken with other factors, the overall deficit of the balance of payments would rise from a projection for 1979 of \$1.9bn to

\$5.4bo. And that for the 1979 to 1983 plan (significantly now called a rolling plan " to indicate that it now merely operates on a year to year basis) Egypt's of an arms industry. It was a foreign exchange requirements would total an enormous married to Western technology.

With belated accuracy the the effects of the boycott—sub-ject first to two particular vari-Investment disputes. ables, one being the growth rate and the other the extent to which the Arabs will take the Jeeps and with British Aero inflows over the next three damage to the economy—is that tank missile are well advanced, in 1980 and \$660m in 1981. These are not in themselves has probably been overstated by a multiple of two.

These are not in themselves unmanageable and could probably been overstated by and Rolls-Royce for the manufacture and assembly of Lynx ments which would largely have boycott further and do serious a multiple of two.

What emerged was, frankly, a to be affected unless the Arabs in extremis decided to boycott it-its earnings this year are likely to reach \$550m.

2-Tourism has been affected by a decline in the number of Arab tourists (a phenomenon which bad started before the boycott) and its earnings may be down slightly to \$750m.

3-The Bagbdad summit specifically ruled out action against Egyptian workers, but it is expected so far that remittances will be down only slightly on 1978's figure of \$1.7bn. However, any large reduction-for example, the imposition by host countries of a tax on remittances-would be a serious

4-Oil income is expected to be slightly up and to reach in net terms about \$0.85bn.

5—Aid and investment.
Private Arab investment is hard to quantify and is so far unlikely to have affected projects already in existence; bowever the urban bousing and tourism sectors could be which \$6.4bn bas been dispersed, giving a rough annual disbursement of \$1.6bn a year. New bilateral assistance is unlikely.

However, the major blow bas been the dissolution of the AOI set up in 1975 with capital of \$1.04bn and subsequent investments of \$1.5bn. The capital was shared between Egypt, Saudi Arabia, the UAE and Qatar for the development model of pan-Arab co-operation

Egypt has vowed to continue it as an Egyptian enterprise and document is now acknowledged has tried to get the World Bank to be no more than "a worst to act as an arbitrator with the case aituation." The reality of Washington-based International

agreement reached in 1977 all parties agreed that the deposits would be rolled over and not withdrawn. In January when one Kuwaiti instalment fell due Egypt asked for it to be rolled over and has assumed that no reply meant assent. In any case the fact remains that these deposits have been spent and were they called Egypt would have considerable difficulties in replacing them.

7-Trade. This is likely in Arab-terms to affect only foodstuffs and manufactured consumer items but would have a long-term effect only if markets were lost. But investment in and growth of exports from the country's four free zones which were established on the premise of easy access to Middle East markets might be slowed

down. 8-Aid. It is bere that the greatest controversy exists. Egypt's demand for \$18.5bn is particularly ambitious as it is reckoned that the economy is affected. Since 1975 total Arab unlikely to be able to absorb aid bas been about \$7.5bn of between 1979 and 1983 more which \$6.4bn bas been distance than \$12bn. This would depend ultimately on the rate of growth of the economy and the balance between commodity imports and the absorption of project aid.

Deficit

The net effect of this estimate is that Egypt's balance of payments is likely to deteriorate but not nearly to the extent to which the Economy Ministry has forecast. At present it is reckoned that the deficit will reach between \$1.5bn and \$2bn this year and remain at \$2bn for 1980 and 1981.

In direct relation to this the World Bank made a study in the spring-admittedly before the Arab boycott had gathered strength—in which it estimated space for the Swingfire anti- years at \$260m in 1979, \$550m ably be met by new aid commit- E£1.56) to E£1,117.3m in 1979's the IMF's conditions by unifyments which would largely have budget which had a total expen- ing the exchange rate of the

GROSS DOMESTIC PRODUCT AT CONSTANT PRICES BY SECTOR, 1975-78 (E£m at 1975 prices)

-				
	1975	1976	Prelim. 1977	Proj. 1978
ommodity sectors	2,753.8	2,951.0	3,175.0	3,398.0
Agriculture Industry and mining Petroleum	1,468.5 849.5 149.0 71.9	1,491.6 918.0 220.0 78.0	1,490.0 1,001.0 324.0 86.0	1,561.0 1,083.0 378.0 89.0 287.0
Construction	214.9 882.4	244.0 1,074.0	.274.0 1,176.0	1,395.0
Transportation, communication and storage Suez Canal	208.6 37.5 636.3	274.2 137.8 662.0	315.3 159.7 701.0	373.0 172.0 850.0
ervice sector	1,142.6	1,243.0	1,354.0	1,424.6
Housing Public utilities Other services DP at factor cost	130.0 19.0 993.6 4,778.8	136.0 22.0 1,085.9 5,268.0	144.0 22.0 1,188.0 5,705.0	149.0 25.0 1,250.0 6,217.0

Source: Ministry of Planning.

to be commodity aid to ensure maximum disbursement.

A more recent World Bank assessment of the foreign exchange shortfall puts the "worst" case impact in 1980 at \$2.90n and the "more likely" case al \$755m (without taking into account the effects of any compensating actions such as increased and from non-Arab

On the domestic sida tha picture is gloomier, for it is here that Mr. Sadat in the end stands or falls. The link between the external and internal economies of Egypt lies in the sensitive question of subsidies. These were mainly set up by Nasser with plausible social objectives in mind but have subsequently taken on a controversial political

and economic life of their own. This has meant on the one hand that when on the advice of the IMF in 1976 they were reduced on basic commodities, notably bread, they resulted in massive countrywide riots at the begining of 1977 which scar the memories of the administration to this day.

Egypt has shown increasing inability to control the expan-sion of these subsidies—both the direct ones (for example, on bread) and the indirect (for example, a flat rate for provincial students' board when studying in Cairo). Together these two forms of subsidy coincide almost exactly with the budgetary deficit.

Direct subsidies have risen from E£1.023m in 1978 (£1=

E£1,230m, the Egyptian estimate, or E£1,550m—the lMF's stuffs take ££884.6m.

But in spite of the opposition of the IMF which has apparently given up the unequal struggle for this year although it will be deeply involved in the autumn in the formulation of the 1980 budget, Ministers des- little room for manoeuvre, unpair of being able to reduce these subsidies next year and brutally, and the political backtalk merely of "rationalising" lash from such an action would

him Hilmi Abdel-Rahman a not only take up almost all prime ministerial adviser on funds but are largely unaller-economics to conduct the exer-able. cise. So far according to one senior Minister, he has com- the question of inflow from pleted six volumes tracing the abroad and local financing history of subsidies and calcu-little improvement can be made lating their effects on Egypt's as yet in raising revenue, pareconomy.

volume 7, which is supposed to contain all the solutions, is likely to be little more than a characteristic submission by all the Ministries deepest affected by subsidies as to bow they see their priorities. Little overall guidance is likely to be given.

It must be said though that Egypt has carried out from the beginning of this year one of

diture of E£12.93bn. But the Egyptian pound by moving it IMF and the Government are now quarrelling whether these aubsidies will not now be immediate effect of making statistical calculations less confus resulting in a total deficit of ing now, although it has had between E£2.5bn and E£2.9bn—some contributory effect on the way above the ceiling set by the rate of inflation which is currently reckoned to be running rently reckoned to be running at about 25 per cent. It bas also led to about \$1.5bn of hard currency moving out of the Central Bank'a control on to the black

market. In the end, any Egyptian Minister or economist has very less the subsidies are alashed be such that the regime might Meanwhile, Egypt has said it be brought down. For in the would conduct a major examina-tion of the question of subsi-dies and has entrusted Mr. Abra-tion defence and investment

> On the income side besides ticularly until tax collecting is tightened. So that with little change a fall in expectations and under the impact of the open, door policy which has brought about an unprece-dented and visible growth in the unevenness of income distribution the home base on which Mr. Sadat's dramatic foreign policy could

Anthony McDermott

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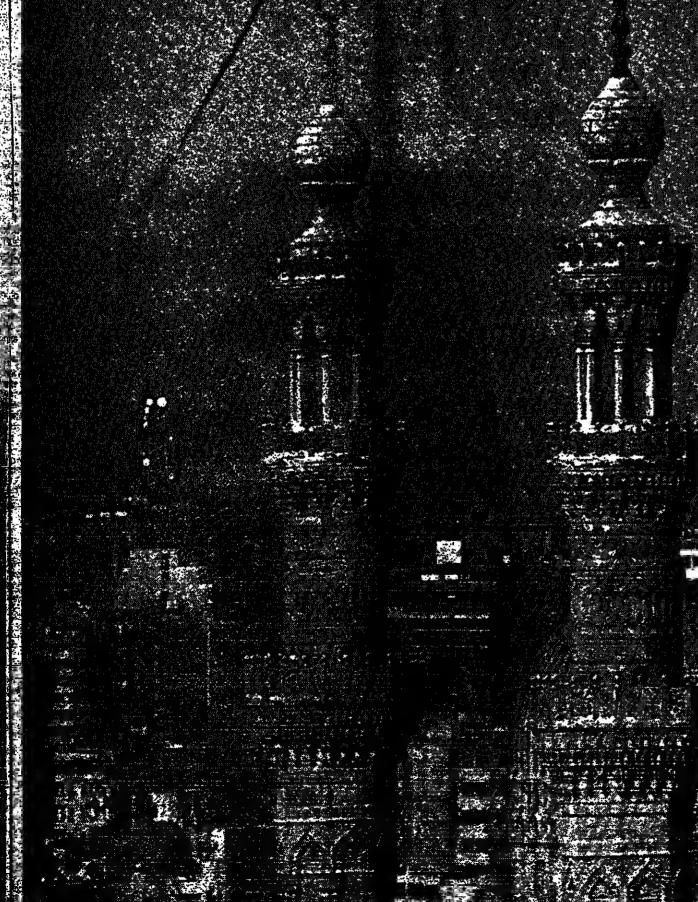
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Foreign policy

Ambitious objectives

Anwar Sadat can he roughly divided into six closely interlinked categories; peace with Israel; the return of Egyptian and other Arab land occupied by Israel including East Jerusalem; a just solution to the Palestinian issue; continued "leadership" of the Arab world; close relations with the West; and the prevention of further Soviet and Communist influence in the Middle East

and Africa. In the President's mind none of these objectives are mutually exclusive and despite recent policy setbacks, he clearly believes that it is only a matter of time before Egypt reassumes its rightful position in the Arab world, baving also achieved the return of Sinai and set the Palestinians on the road to autonomy. As Mr. Sadat regu-larly reminds his Egyptian audience, "there can be no peace without Egypt and there cannot be war without Egypt." An equally popular comment beard among Egyptians—that the Arabs bave always been willing to fight to the last Egyptian—is another reflection of the main sbift in emphasis between President Sadat and the late President Gamal Abdel Nasser. Instead of Nasser's pan-Arabism there is now Mr. Sadat's attitude of "Egypt first," a mood that he bas increasingly encouraged as the rest of the Arab world turned against his peace overtures to Israel.

As one of Mr. Sadat's former aides points out, one should not

FOREIGN policy listed to the President's words under President but try to discern his ultimate objectives. It can be argued that relatively early in his presidency, Mr. Sadat decided that, for his country's economic welfare, peace had to be achieved with Israel, and the October 1973 war was fought with that in mind. Since then all Mr. Sadat'a actions have been consistent with that aim, even if their timing has been strongly influenced by other

> However, in the years since oil was \$3 a harrel political weight in the Middle East has become more evenly dispersed, and countries over which President Nasser could exercise his charismatic power are far less amenable to the blandishments nf Mr. Sadat. Egypt, from having been the country which gave birth to Arab nationalism and vital factor, is now more often In the first years after the 1973 war Egypt probably bad the right to expect significant financial assistance from its Arah friends who were made im-measurably richer by the conflict, but even before the peace tresty with Israel there were clear signs that Egypt's main benefactors were hecoming restless with the spparently bottomless well into which they were pouring their funds.

Switch

This coincided with Mr. Sadat's more determined switch to close alliance with the United States, which be saw as the one country which had the wealth, arms and technology to lift Egypt out of its downward slide. While President Naser had not been fiercely anti-American and liked to see the super powers Egypt the fact that after the 1973 war Egypt no longer needed, according to President Sadat, quite the same military strength made the transference from East to West easier to achieve. Perhaps as relevant is dislike of the Soviet Union, a feeling that is echoed in other Arab countries which ironically, because of the Egyptian-Israeli

Camp David accords which laid remains president.
the framework for the sub This, however, presumes

and Egypt had selected for him. 1980, Israel will have withdrawn Now with 18 Arah states and from two thirds of the peninthe Palestinians having broken sula, but the is important for Mr. relations with Egypt, and the Sadat to he able to show the Cairo Government having been rest of the Arah world that he expelled or suspended from has recovered all Egyptian termest Arab organisations, the ritory, and it is equally important League headquarters and for his personal standing at headquarters. whose military weight was a having been moved from Cairo home. vital factor, is now more often to Tunis and an economic boy. Until that happens Mr. Safat's cast in the role of supplicant, cott having heen imposed, those room for manneuvre in the Arab. In the first years after the 1973 voices within the Egyptian world appears heavily chains.

Egypt. Efforts by the "refec-tionist" states to discuss further measures against Egypt coming out of Cairo. Whatever, of diverting Egyptians atten-cooling of tempers may take tion from their domestic place in the next few months problems. there is no doubt that the fires will be stoked again early next. ambassador takes up residence Mr. Sadat's own strong personal that bappens the great majority of Arab countries will be anable to contemplate resuming diplomatic relations with Cairo, unless of course Israel withtreaty have become yet more draws from all Arab territory. including East Jerusalem, and

was needed King Hussein of it is widely assumed that be Jordan—that most accurate of would only consider this once all Middle Eastern weather be has recovered all of Sinaivanes—came out strongly and that will not happen under against Camp David and refused the terms of the treaty for an to accept the role that the U.S. other three years. Early in and Egypt had selected for him. 1980, Israel will have withdrawn

Foreign Ministry that forecast scribed, although he may a ruphure with the rest of the hope that internal tensions arab world are being proved among his most ligorous correct And Mr. Sadat, having opponents, such as Syria and lost two Foreign Ministers Iraq, could both divert their along the path to the peace attention away from Egypt and treaty, has not opted for a third emphasise to the other more but given the portfolio to Dr. moderate countries that Egypt Mustapha Khalil, the Prime remains their most assured and remains their most assured and steadfast ally in the region. In their persistent search for Mr. Sadar is also keeping a an easing of Arab attitudes, close eye on the Lippan border. Egyptian officials claim that the near which he has two army last Arab League meeting in divisions stationed, ready if Robert Tunis saw a more sympathetic necessary to teach the "mad Carter Saudi Arabian attitude towards Libyan boy"—as he describes Middle Egypt. Efforts by the "rejec Col. Moammar Gaddaty—a tion of Libyans and other Arabs it is. were forestalled, although that: they who have to be on the alert may also have been due to for an unprovoked Egyptian.

However, part of Egyptian Western Europe and Japan reasoning is that by keeping a meanwhile may have their large number of Libyan troops doubts about Mr. Carter's tied down near the border, Col. policies, are looking anxiously. in Cairo. Some Egyptian Gaddafy will have fewer men officials believe the moment available for adventures in Gaddafy will have fewer men Africa, an area over which Mr. presence in Ethiopia, the threat seem to have discovered is to be so to sound and possibly China, which, ever anxious to the to Sudan, are never far from tread on Russian toes, is supply dependent on Moscow.

Including East Jerusalem, and Mr. Sadat's mind, and one of ing Egypt with up; to the Palestinians full his reasons for building up a F6 and F9, fighter aircreft and Baghdad last November, at autonomy. If their assessment sizeable force of troops transbave received in part payment which Saudi Arabia declined to proves correct then it would sport aircraft is at least to one at Egypt's Soviet-built MIG-play Its more normal moderation one of Egypt's main suggest the possibility of 23 fighters.

The Arab summit meeting in allows the Palestinians full his reasons for building up a F6 and F9, fighter aircreft and successive in part payment, and in the part payment is presented in part payment.

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The Arab summit meeting in allows the Palestinians full his reasons for building up a F6 and F9, fighter arcreft and successive in payment.

Financial Times Monday July 30 1379

Mr. Sadat would view with particular alarm any change of sequent peace treaty fell far consistency of policy which is regima in Sudan, and there is short of Arab demands, and, not one of the hallmarks of the more than that, the rest of the Arab world. Should Israel ticular has considered that one Arab world was not going to sit prove intolerably obstinate over of the most effective ways of idly by while Egypt followed a making any concessions on attacking Egypt, would be policy, which could affect in Palestinian autonomy, Mr. Sadat through change in Chartenna ternal stability in other hitherto could presumably have the Egypt and Sudan are friendly countries.

If any further confirmation process null and void although a form of making any process null and void although a form of making although was needed King Hussein of it is widely assumed that be resident Numerry has not signed. Should Sodan Join the 18 Arab countries that have broken relations with Egypt this would complete the physi-cal lastation of Egypt

Consistent

the U.S. which since at the moment can provide Baypt with the substantial economic aid that it needs plus military hardware to keep the senior officers, happy, and most important of all the potential for impressing on Israel the need to implement by UN resolutions 242 and 338. Unfortunately for Preside Mr. Carter's domestic popularity has fallen to below that of will be preoccupied with the Carters tion of being an impressive negotiator, but it must be doubtmay also have been due to for an unprovoked Egyptian to the region and the fact that Saudi advice that the boycott attack across the border, a move Israel, having agreed to leave was already doing its work, as they say that would be under-Sinal, will be ever more witnessed by the latest gloomy taken with Israel protection on adamant that it will not open economic prognostications the eastern flank and as a means the door one inch to anything coming out of Cairo. Whatever of diverting Egyptians attentual looks as if it might one place in the next few months, problems.

> towards securing their oil supplies and must be wary of becoming too closely identified part party to p with President Sadat. The one was very Sadat also wishes to exercise with President Sadat. The one service some influence. The Soviet new friend that Mr. Sadat does not the Mr. Sadat's mind and one of sing Egypt with up to 90 of its

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Few good projects

PRESIDENT SADAT'S skill at agreements for power installa-raising foreign aid must be tions both agencies require the reckoned one of his outstand- Egyptian Electrical Authority ing qualities. Throughout his has succeeded in finding the external floance, first from the Arabs and now from the democracies, counter, a succession of ever increasing trade deficits.

Of late, Mr. Sadat has encountered much criticism from many quarters for provok-ing the cut-off of Arab funds to Egypt. But, from another per-spective, his coming to terms with Israel was a shrewd move that strengthened his claim on massive long-term development ssistance from the U.S. assistance from the U.S. Agency for International Development (USAID), the World Bank and other institutions, For the Arabs lacked the technical capability and perhaps the political inclination to make the type of contribution to Egyptian economic growth that Mr. Sadat hopes to obtain from the West.

obtain from the West.

With a \$1bn allocation for fiscal 1979, the U.S. ia running the largest and most far-reach ing aid programme in Egypt. It contributes half the country's regular annual inflow of aid. USAID's activities involve every sector of tha Egyptian economy except the military. The 1979 budget breaks down as follows: \$250m food aid, \$250m concessional financiog for Egyptian imports of U.S. products, and \$500m project and technical assistance.

on Egyptian industry and infrastructure. The U.S. Egyptian project pipeline will approach \$1.5bn by the end of this year. Areas of concentration include water, sewage, telecommunication include water. water, sewage, telecommunica-tions, power, grain storage, and cement production, As USAID funds are tied to purchase of U.S. goods and services, these projects benefit American equipment makers, designers and engineers as well as Egypt. USAID-Egypt eman estimated

American consultants in Egypt. The U.S. tries to do more than just pump money into Egypt. It is making a serious effort to encourage rationalisation of the Egyptian economy and develop-ment of its institutions. USAID often works closely with the For example, in their loan

to raise the current heavily-sub-sidised utility rates to a point where the newly-installed plant stands a chance of financing its own maintenance and replacement. In another economic reform measure, USAID insists that U.S. funds turned over to the Egyptian Government be re-lent to industry at near commercial interest rates.

Strides

USAID is also making strides in the field of investment banking for the private sector. Before USAID's involvement almost no medium term bank funds for private companies existed in Egypt. USAID has spent \$32m on capitalisation and technical assistance for the Development Industrial Bank. Mr. Donald S. Brown, the USAID-Egypt director, hopes the bank will become "a major condult for resource flows? to private companies. Mr. Brown also envisages a 25m "private sector encouragement fund" to be channelled through private banks. It am interview Me. banks. In an interview Mr. Brown said that he aimed, "for some useful impact on stimulating private investment. My interest is impact on small- and medium-sized Egyptian ven-tures . . our fund would help share the risks."

USAID is also innovating in the housing finance field. A

USAID's scope in Egypt. The bank plans to raise its funding level to \$270m in 1979. One of its largest commitments will be a \$65m loan for a \$130m liquefied petroleum gas plant at Ras Shuquair on the Gulf of Suez. The bank also plans to provide at least \$85m financing for a \$475m power plant in the north Cairo district of Shnhra el Kheima. USAID will spend \$100m on the Shubra el Kheima generator.

The bank has played the lead role in Egyptian agricultural development. Its Egyptian tile World Bank toward this end. drainage programme is the For example, in their loan world's largest. In contrast Egyptian agriculture bas so far the Tokso summit saking been modest. But this year the \$18.5bn external finding agency plans to commit \$100m between 1979 and 1981 the toward President Sadat's Egyptian Government is discherished goal of increasing food production. Stress will go on rural credit programmes, co-operatives and mechanisation. Director Brown anticipates that USAID will enter the land reclamation field in 1980.

In one of its most important functions, the World Bank has on occasion drawn attention to the commercial viability of Egyptian projects and thus helped to attract other lenders. The bank played this type of role in raising funds for the sole in raising funds for the \$595m first stage of the Suez Canal despening and widening scheme. After the bank indicated its approval with a \$100m loan at \$1 per cent, the Suez Canal Anthority was easily able to obtain the remaining financing.

circulated to participans in satisfied with the \$300m award it obtained from Preident Carter for concluding leace with Israel But most eperts think that the \$2hn in air that Egypt now receives annally approaches the maximum can

absorb efficiently. One major source of frairation to potential donors the Egyptian Government's ability to produce suff feasible project proposals West Germans, in partie ar, view themselves in direct impetition with USAID for he privilege of funding a tte number of good projects; he problem is that one open in problem is that one or you overworked officials administration the typical Western Euro aid programme In con-USAID's staff of about 100 As is implied by the letter do most of the Egyp

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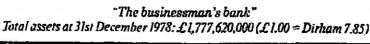
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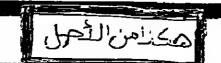


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Impossible targets

A GOOD way to gange how segupt's Open Door policy is faring is to drive from Cairo to Alexandria on the desert road. A year ago, the new industrial tate of Al-Ameriyah behind Alexandria, was scrubland. To-way it is dotted with enclosures where companies have bought land. But apart from a spanking new carpet factors, there are few signs of construction behind the next brick walls. This vividly illustrates the current state of play : everyone staking out their ground, jost-ling to obtain their licences — but waiting. The latest General Authority for Arab and Foreign Investment (GAAFI) brochure fells a slightly different story.
At the end of last year the E£4.5bn (£2.76bn) worth of in-

and another 56 per cent are under construction. As the projects are lumped together in categories there is no way of checking. But some datistics from the other side of The fence make saintory read-ing. Total private U.S. invest-ment in Egypt to date is a measing \$16m. and the figures sector company of the Arab world's largest contractors. Arab world's largest contractors. Arab Contractors, to manufacture metal scaffolding. Most of the vate foreign money in find its way into Egypt has been Arab money, and the major part of western capital involvement is reforgh management joint ven-

The Open Door Policy is thus wing its principle aim of marry-ing Western expertise with Arab cash to produce jobs in sufficient numbers for Egypt's from the early 1960s right

through the Nasser era, and through the Nasser era, and through the Nasser era, and E. R. Squibb has recently set up an offshore venture to manufacture drugs.

The development of industrial foliative true has naturally handicaps: first in the foreign policy and political requirement; and political requirement; and second, initial misconceptions been slower and increase the finitial misconceptions been slower and increase the finitial document and ducts where the markets are described and what it entailed relatively well-defined and when the finitial wilkinson Match's point venture with the public sector Alexandria Metal Pipes Company is one such example. st produced this unrealistic Egyptian life.

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Unfortunate

This is doubly unfortunate because it disguises important guss roots changes of far grater long-term significance. For example, in place of the bit prestige projects, which were to have formed the back-boile of the private sector declopment, there has been a sleps but steady build up of smil-scale ventures, financed by effer private Egyptian or Arah captal. The joint venture banks har played a role in financing the projects. A good example is at Cairo Beverages Company which bottles "Seven Up" under Higgs: It recently raised money on the domestic market to

exchid production. sitation eased about a year ago result of the large infinws workers remittances, the cive viable foreign joint interes were those using figily produced raw materials. footple of aluminium extruin joint ventures were set up drig the aluminium smelted at the Nag Hammadi complex in

per Egypt. Exceptions to this rule were banking and financial sersector—shont 70 banks sector—shont 70 banks sector—shont 70 banks find the presence in Cairo— the bottle construction, which thi hotel construction, which and a construction hoom iere are currently over 8,000 and five star hotel rooms willt in Cairo involving a fait investment of nearly The Gulf and Saudi

mia is providing the bulk finance for these hotel the finance for these hotel ects, either through Arab tment institutions or the t offshore hanks operating assembly plant and build an airo. The hotel construction engine factory, halled 18 months Sairo. The hotel construction

ANNUAL INVESTMENTS THROUGH THE FIVE YEAR PLAN 1979-1983

Year	P	ublie	Pr	ivate .	Total	national
	Total	Foreign	Total	Foreign.	Total	Foreign
1978*	2,241	1.232	· 259†	189	2,500	1,421
1979 1980 1981 1982 1983	2,560 3,160 3,470 3,850 4,180	1,320 1,759 1,910 2,039 2,200	250 910 1,020 1,120 1,240	130 360 395 425 465	2,810 4,070 4,490 4,970 5,420	1,450 2,110 2,305 2,455 2,665
General total	17,220	9,210	4,540	1,775	21,760	10,985

* 1978 represents the actual following up. † The private sector investments do not include about E£140m for the petroleum exploration. Source: Ministry of Economy and Economic Co-operation.

vestment projects, of which boom has offered management about 16 per cent are producing joint venture opportunities for such international hotel groups as Marriott, Sheraton, Hilton

and Holiday Inn.

The spillover into general construction has produced a spate of management or technical transfer joint ventures also. A typical example is that between Acrow and the private construction joint ventures have been until recently with affiliates of Arab Contractors.

Drugs

Another exception to the general rule are drugs and pharmaceuticals joint ventures. Hoechst and Pfizer have operated joint ventures in Egypt

For years after Investment Law Union Carbide's plans to build 48-(of 1974, amended by Law a \$15m dry battery plant is 32 of 1977) which incorporate canother. In contrast to Wildinopen door policy, was on the son, which is putting up 5f per statute hooks. This clearly is cent of the equity for its joint want impossible target, yet the venture, Union Carbide is prosume lack of professionalism viding 75 per cent the optimism is still prevalent in vate Egyptian interests. Another the initial contacts of too many success story l: a \$95m synthetic textile plant at Suezi promoted by Misr Iran Development Bank, which is to gn into pro-

duction later this year.
Obtaining a licence tax for a purely private sector manufacturing joint venture is becoming more difficult, especially where it treads on public sector interests. To appease public sector opponents of the open door policy, GAAFI encourages joint venture; with public secur companies with a view to modernising them. This often proyes more difficult than it seems, as British Chinride, for instance, is finding, because of differences over manning levels. British Chloride is negotiating tn set up a wet cell battery plant with a public sector com-

A major area for development, and one the authorities are encouraging, is agricultural and agro-industrial joint ventures. As with the joint ven-tures situated in the new cities, these enjoy a 12-year tax holi-

day.
The Egyptian authorities are hoping the U.S. will take the lead in this field, although West Germany has also shown interest. New projects will have to be on reclaimed land, and the areas of commercially reclaimable lands are limited. The sums of money involved are also much bigger than the \$5-\$15m joint venture, currently the maximum size and the return much

Most of the larger joint ventures are either stalled or being quietly dropped. An exception is Coca-Cola's plant to develop a \$50m citrus fruit farm at Ismailia. The quid pro quo is that Coca-Cola is soon to be

marketed in Egypt. Ford's \$145m project to reestablish its Alexandria truck

ago as the project to break the ice, has got nowhere. Now that which was cancelled last summer, and the over ambitious \$1.2bn dollar textile complex at Egypt no longer has the Israel hoycott removal card to play, new investment has become less attractive. Arab funds, Al-Ameriyah-should now be which were to make np about Investment Council adjudicates in all cases involving policy which cut across ministerial one-third of the capital, have not materialised. Ford will now content itself on reopening the lines. Western embassies are truck assembly plant. Massey receiving, unsolicited, Ferguson's \$20m · tractor suggestions for joint venture projects—a major improve-ment. While from their side assembly plant has run into internal company financing they say interest in Egypt bas never been greater. problems, and its main Arab hacker bas moved out of Cairo in response to the boycott, while Michelin's \$70m radial tyre plant, having slipped into GAAFI's legal hureau should he able to determine tha best kind of presence the potential

investor needs, whether nff-shore or inland, or direct him

to competent advisers. Apart

Despite these encouraging

running agaist a timescale that could still nip it in the bud. If the Middle East was on

the threshold of stability, the

and a radical reform of institu-tions begun, then one could

say that the groundwork had

been done and there was a

fighting chance of it succeeding. But in the present climate of uncertainty the odds are not

Alan Mackie

from warehousing in Port Said, the free zone concept bas not

been oversuccessful.

appears to be back in neutral. The most serious large-scale project at present is Volkswagen's to build a \$30m "Beetle" assembly plant in Alexandria. It is looking for a joint venture partner and is keen to make further investments in Egypt, depending on how the plant develops. Fiat's joint venture with the public sector Nasco car company to assemble cars could well see production stepped up in response to local demand. Car accessory manufacturers, as well as household

appliance manufacturers' have

second gear late last year, now

possibilities. But GAAFI officials are caught in a dilemma by the investment confidence process. They have threatened to cancel licences where no move is made and : Goodyear has lost its licence: But with virtually all medium to large-scale investment pausing to assess the impact of the Baghdad resolutions and progress at the peace talks, there are limits to the threats and blandishments GAAFI can wield. The lack of visible results weakens their hand against public sector Interests when trying to push through vital economic reform.

Lmage

They also have to contend with an unfortunate image of a certain type of Egyptian husiproduct manufacturer with extensive experience of the Third World recounts the tale of heing approached by an elder member of the People's Assembly, a personal friend of Sadat's ("licences will be no problem") to set up a joint venture. After two exhaustive trips involving much eating and entertaining, the sum total of his investigations was a feasihility study consisting of two grimy pieces of stapled paper. Ha probably will not pursue the contacts with this partner because be envisages a situation

where he will put up half the cash and dn all the work. But he will keep his tabs on Egypt until the right partner materi alises, because he feel the mar-ket is there.

It is at this point that GAAFT can' help. Dr. Gamal al-Nazer, chief executive Minister of for Economic Co-operation is well aware of the dam-age these unfortunate initial crutacts can do, and can only exhort potential investors to contact directly the commercial section of the nearest Egyptian embassy or GAAFT's head-quarters at 8 Adli Street, Cairo.

There have heen great improvements in the way GAAFI processes applications. The conflict of departmental interests and of policy which created confusions and not to say debacles—at least in the form of the Pyramids Casis real

Projects

ager in the size of USAID that pressure to spend so wen money will push projects eid with insufficent Egyptian rticipation. This would dermine the whole purpose

the programme, which is development of domestic specifically human re-The West German programme

Move the World Bank's in and of DM 250m. Commodity

Carrie Carrie State

plant. German officials claim that their aid is not tied, but many of their contracts wind up with German companies.

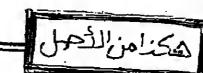
France signed a FFr 408.5m protocol with Egypt this spring; 32 per cent is in soft Treasury loans with the remaining 68 per cent guaranteed commercial loans. Envisioned French projects include the first stage of the long awaited Cairo Metro.

Japan has also shown some interest in the Metro. So far it has devoted most of its aid maining DM 175m will go for efforts to the Suez Canal proreport assistance. The West ject, but Japanese consultants
from in the power sector setting up, a steel plant at

overnment's project develop and another DM 50m on addi- Dikheila, west of Alexandria. searching for projects around Lake-Nasser behind the Aswan High Dam.

> Following the election of new conservative governments, the future of both the British and Canadian ald programmes for Egypt is uncertain. Britain has committed itself to £50m financing for the giant Cairo sewage overhaul, in which USAID has also agreed to contribute \$100m. Canada's Egypt aid level fur 1979 will be C335m. Most will go for purchase of Canadian

> > Stanley Reed





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THE ARAB PETROLEUM PIPELINES CO. (SUMED)

THE INITIATION OF A UNIQUE PATTERN OF MIDDLE EAST PIPELINES

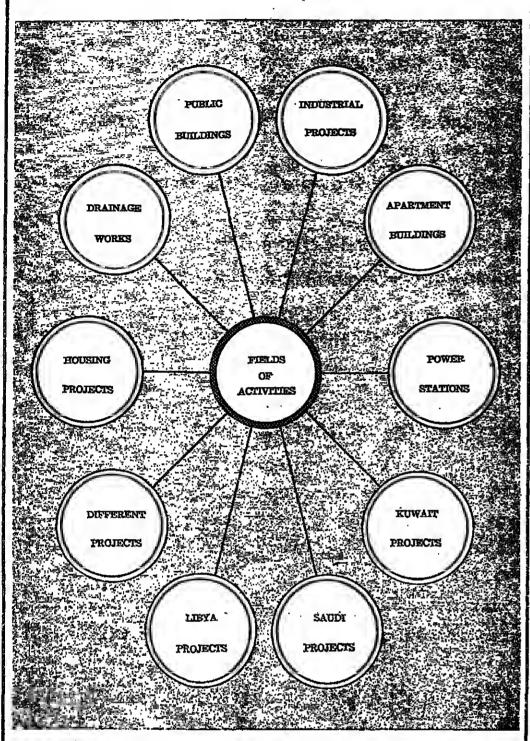
The Arab Petroleum Pipelines Co. SUMED has completed the construction of a two-parellel 42-inch diameter pipeline system for the transportation of Middle East crude oil from The Gulf of Suez to the Mediterranean. This is a unique pattern of pipeline systems in the world in that it begins and ends in the sea and that the feed in and out is done by tankers. The system thus provides deep water berthing for super tankers up to 270,000 dwt.

The pipeline system starts with a receiving terminal owned and operated by Sumed on the Red Sea (Sukhna) coast. The pipelines extend inland 320 KM and end with a loading terminal at Sidi Kerir. The pipelines capacity is 80 MTA (million tons per year). Planned expansion will provide 117 MTA. The pipelines system is designed to handle types of crude oil, with sufficient segregation to minimise comingling or contamination. The first trial test of the pipeline system started on December 14, 1976 at Ain Sokhna terminal which received the first shipment of one million tons of light Arab crude oil. The first tanker loaded at Sidi Kerir and departed in January 1977. This operation, which initiated the pipelines system, established the quality control and the high efficiency by which the Company has been operating ever

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Israel during the 1967 war, Sinai was a neglected area, with only, rooms. a tenuous connection to the rest of Egypt. But now, with Israel set to return the entire penin-

sula within three years, it is being billed by officials and the Cairo Press as the solution to Egypt's problems of overcrowding and poor natural resources. But in practice, it seems very likely that the development of Sinai will turn out to be hoth an economic and political bur-

dream heing discussed envisages settling 2m Egyptians in Sinai's 23,600 square miles of harren sand and rocks by tha year 2000. To feed these people the Ministry of Irrigation expects to cut a canal from the east hranch of the Nile all the way to Sinai. The new channel would plunge beneath the Suez Canal and emerge on the other side to water 400,000 acres of reclaimed desert. A scheme to enlarge the existing Ismailia Sweet-Water Canal would nourish another 800,000 acres.

These are beady predictions, but plans for Sinai's actual development are going ahead at a soher pace. The Ministry of Development and New Communities will soon choose a consultant to perform a USAIDfinanced survey of Sinai's poten-tial. USAID bas a \$2.5m dollar budget for Sinai studies.

The consultant will be instructed to identify feasible projects in mining, agriculture, transport, tourism and infrastructure. Early population settlements will be emphasised. Just who will pay for these pro-jects is not yet clear. USAID appears willing to fund the rebabilitation of a manganese mice near the Gulf of Suez at Abu Zenima that was put out of action by the Israeli occupation. Leaving aside petroleum pro-

duction (discussed elsewhere in this survey) bope for commer-clally feasible activities centres on tourism and mining. Government plans to draw American and European visitors to the peninsula's spectacular beaches. The religious sites around Mt. St. Catherine, which is the babitat of the rare Sinai

flag over el Arish, the scruffy provincial capital of the Sinal Peninsula. According to official reteoric. Mr. Sadat's ritual beralded the opening of a new frontier of vast potential was occupied by Israel during the 1967 was Sinal Strangers often have to share to Egyptian hands so far it was often to Egyptian of the Egyptian Government plans to 35,600. The Egyptians, eager to in el Arish before May 26 has Egyptian Government plans to 35,600. The Egyptians, eager to in el Arish before May 26 has been turned in the Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities. Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian banks are development begun by the inviting to allow labourers authorities. Egyptian banks are development begun by the inviting to allow labourers authorities Egyptian ban atrangers often bave to share

> In the mining sector, copper, uranium, lead phosphates, sulpbur, and strontium are all considered by the Ministry of Development to "deserve exploration." Before the war, " deserve kaolin was produced from the Sinai for the porcelain industry.

A mountain of almost aolid source of quality glass sand. elsewhere
The peninsula has considerable official
coal reserves, but they are
mostly of low-grade sublooking t

bituminous varieties.
Some experts doubt the economic viability of Sinai land reclamation. They point out that

system, perhaps beyond repair. Tharitable organisation, CARE, Because of the high costs promised by rugged terrain and of the peninsula's 157,000 in-inaccessibility, USAID, Egypt's habitants, require food aid. The major source of development agency is negotiating with funds, is wary of becoming Egypt to continue the breadline heavily involved in Sinai type programme that it "Almost anything you do in formerly administered from gypsum rises near the Gulf of "Almost anything you do in former Suez. Sinai is Egypt'a best Sinai will cost you more than Israel. elsewhere," said one USAID

director.

settlers had blocked wells and housing crisis. damaged the drip irrigation. According to According to the American 42.500 people, almost a third

The Egyptian Government's official. first priority is to prove to Sinai "In the short-term wa are residents that it is in charge. looking to the private voluntary. Toward this goal, is sacked the organisations," said Mr. Donald man who served as Mayor of the USAID-Egypt el Arisb during tha Israeli occupation. Egypt also ordered irector.

Occupation. Egypt also ordered
At present Sinai looks more, the deportation of 154 Palesreclaiming desert along the like a political headache than tinian families to Israel. But edges of the Nile Delta is likely a boon for the Egyptian Governthe Egyptians face a struggle to to prove cheaper. A possible ment. The Israeli pull-out assert their domination.

Ambitious dream ON MAY 26, President Sadat, leopard, also promise to be an exception is the Wadi et Arish disrupted light industry in et Smuggling is rampant arrass the resplendent in a white admiral's attraction. Lake Bardawil, an area on the north coast, which Arish, leaving high unemploy borders. Only 1215m of an uniform, raised the Egyptian estuary on the north coast, is receives some rainfall. The ment among the population of

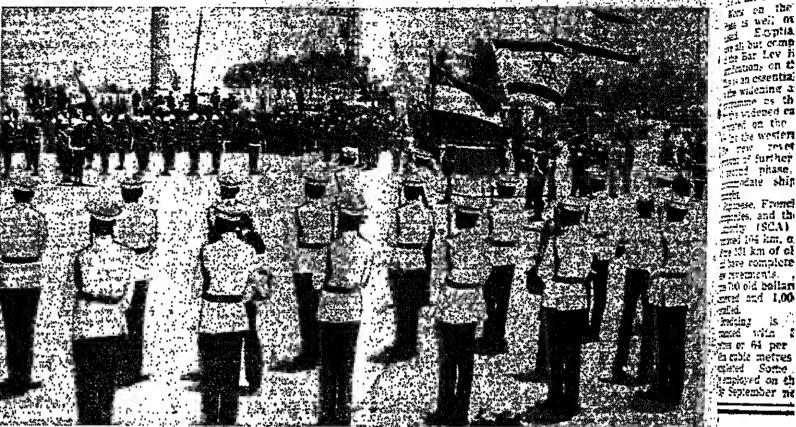
> to Egyptian hands so far, it was dents who fied the Israells is remoteness from Egypt. While discovered that the embittered expected to precipitate a the peninsula has relatively good roads and airfields, the only overland connections to the Egyptian heartland are a few pontoon bridges and ferry cross-ings on the Suez Canal Canal shipping restricts use of these to a few hours a day to himprove access to Sinai the Egyptian Covernment plans to con-struct a number of bridges and tunnels to connect the two hanks of the Suez Canal The £70m Ahmed Hamdi titudel near Suez is being built by a con-sortium of Tarmsc (UE) and The Arab Contractors. It is scheduled for completion by the end of next year. The Govern-ment is giving serious consideration to a tunnel or bridge for Qantara near Ismailia

> > Stanley Reed

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ite videning a



Egyptian troops in the foreground and Israeli troops in the background presenting arms as the town of El Arish was returned to Egypt in May

Relations with Israel

Little more to give

THE MOST important, positive aspect of Egyptian-Israel relations today is the determination sbown by both sides not to allow the vast differences that still separate them, over the future of the Palestinians, in particular, to negate the achievement of March 26 when the peace treaty was signed in Washington.

This was amply demon-strated in Alexandria earlier this month when President Anwar Sadat and Mr. Menahem Begin, Israel'a Prime Minister, failed to make any significant progress on the most conten-tious ideological issues hut, hy merely being together without coming to blows, belped to demonstrate that, little by little, relations between the two countries were being put on to a normal footing. The agreement by Mr. Sadat to visit Haifa towards the end of August for another round of talks offers further evidence of continuity and is considered as a positive sign by the Israelis.

However, Israeli enthusiasm at the auccess of this step-by-step policy of normalisation with each side perbaps making small peripheral concessions—cannot disguise the fact that Mr. Sadata now has very little more to give on the Palestinian question, and that each additional move he makes to satisfy Israeli demands further exposes the bilateral nature of the peace treaty. While Mr. Sadat bravely states that be "wants to see what Egypt can achieve without the Arah world, and what the Arah world. and what the Arab world can achieve without Egypt." He is nonetheless committed to try-ing to make the peace treaty a cornerstone for a comprehenalve Middle East settlement and, according to bis aides, has not deviated from his belief that this cannot be achieved without a fair and just solution for the Palestinians.

Mr. Sadat's approach to tha Israelis, as he often asserts, is beavily psychological. By going to them as "reasonable men," albeit overly cooditioned to the state of war they bave been in since the establishment of the Jewish State, Mr. Sadat thinks that Israeli society will even-tually be convinced both of the justice of the Palestinian cause and that the only way for them to bave a longer-term future in the Middle East, not based Palestinian negotiations. After solely on military power, is by four rounds of negotiations,

getting out of occupied Arab alternating on a fortnightly one to discuss elections to a could be dealt with by a tiled

To the casual observer this policy may so far look hopelessly wrong. At least judging from the benefits that accrue to either side. Egypt gains from the treaty an end to the state of war and the eventual return of all Sinai, including Jewish settlements, oilfields and other potential mineral wealth. At the same time, it has lost the strength and economic benefits that derive from being an active

part in the Arah world.

Israel has gained what it has most ardently desired, peace with its largest Arab neighbour and the incalculable relief of probably not having to fight another war on two fronts. More than peace Israel also gains the right to full economic, trade and market of over 40m people), the use of the Suez Canal, the permanent limitation of Egyptian military deployment in Sinai and, more ambiguously, the right of the treaty to take precedence over other Egyptiao obligations. And all this has been done without suggestion that Israel will agree

to restore Arab sovereignty in the West Bank, Gaza Strip or Golan Heights. Instead what Israel offers to the 1.2m Arab inhahitants of the West Bank and Gaza is a limited form of self-rule but nothing that might be considered as leading to creation of a separate Palestinian state. For Mr. Begin and his adherents the West Bank (or Judea and Samaria as they all it) is part of the promised biblical land of Israel. Mr. Eliahu Ben Elissar, the director of the Prime Minister's office once explained that his country was making a "very great sacrifice" by failing to exercise avereignty over it. Against such ideological and religious conviction Mr. Sadat can at best bope to make only very limited progress. His tenacity in sticking to his insistence on full autonomy for the Palestinians must to an extent be based on the possibility that Mr. Begin's Government will eventually be replaced by one that considers

a security issue. In the sborter term Mr. Sadat has to rely almost exclusively on the Americans who are a "full partner" in the

the West Bank to be primarily

basis between Israel and Egypt, Palestinian self-rule authority working group as and Mr. Robert Strauss, the chief and the other to discuss the considered necessary. U.S. representative, claimed a "breakthrough." This was that after many hours' sterile bargaining over an agenda it "Least Jerusalem (annexed that followed Mr. Sadat's isit was agreed that two working committees should be set up—

by Israel after the 1967 war) to Jerusalem in November

CONTINUED ON NEXT PAGE

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Acquisite Comment

Canal ready for supertankers

A FAVOURITE attraction for new Port Said bypass should development funds—and there capacity during 1978. Egyptian visiting Egyptians and natives be completed, eliminating the are no signs yet that they are officials are hoping it would not summer even risk of a serious collision in not coming through — the coma into its own in 1981 with ings is to sit on the famous Port Port Said itself. The Ballah Kuwait Fund for Arab Econothe opening of the Trans Arabia ships queue up in the midnight already operating. These, with Fund for Development, Arab Eastern Province to the Red Strayer for the southbound dready operating. These, with Fund for Development, Social Second of Province to the Red convey for the southbound journey to Suez and the Red See The container ships and ail tankers tower over the town as they glide through, leaving is whill of romance for travel which is rare these days, and a sease in ordinary Egyptians of pride for something that is theirs, that works and that the world needs:

In September next year they will have even more to ogle at as the first supertankers sail fliorugh the Canal after the first phase of the widening and deepening programme has been rompleted. At present only the canal—or 60,000 tons fully laden and 250,000 tons in ballast From September next year ships of 53 ft draught (or 150,000 tons fully laden and 380,000 tons in ballast) will be able to use the canal.

Work on the \$1.1bn first phase is well over half com-pleted. Egyptian companies have all but completed removal of the Bar Lev line and other ortifications on the East Bank. This is an essential pre-requisite the widening and deepening rogramme as the revetments or the widened canal are being located on the eastern bank eaving the western bank intact. Big new revelments take count of further expansion in second phase which will commodate ships of 68 ft

draught. Japanese French and Italian companies, and the Suez Canal Anthority (SCA) itself have removed 104 km, or 79 per cent of the 131 km of old revelments and have completed 114 km of new revetments. At the same time 700 nld bollards have been removed and 1,000 new ones

Dredging is also well dyanced with 361m cubic 560m cubic metres to be done, interest, the loans are at less completed. Some 40 dredgers than 4 per cent and most with

accommodate the two way move ment hank. The U.S. Agency ment of convoys.

The 86 ships that passed through the Canal both ways on January 22 last year may well go down as a record (compared vith the average now between 55-60 vessels a day) because the deeper canal will handle fewer but larger, more profit-able vessels. The trend towards larger vessels is already notice-

The rising tonnage is reflected in higher revenues. Last year the canal brought in \$520m in foreign exchange. This year the target is \$550m, but the oil crisis has raised a question mark over this estimate. and although nn Arab countries have boycotted the canal declared intentions at present of doing so — the possibility cannot be ruled out if sanctions against Egypt escalate. The May ing plans. tonnage figures bely these un-centainties, however. The daily is likely to be postponed until tonnage for the month was 14 per cent higher at 717,800 tons, compared with a daily average nf 680,200 tons for May last better

Contrary to popular belief, the actual-income to the state after operational and onther costs is only about one-third of the SCA's Planning Departincoming revenues. Although there is a large local currency porated into the second channel element in nperational expenditure, there is also a significant Large Crude Carriers (VLCCS) investment element needing foreign exchanga, for refitting of workshops, the purchase of tugs, and not least the servicing of \$595m of foreign loans for the first phase widening and deepening programme. With the exception of a \$50m World es or 64 per cent of the Bank Loan, bearing 8.5 per cent

dual channels in Lake Timsah Fund for Economic and Social Sea port of Yenbo, whence it and at Deversoir in the Great Development, Abu Dhabi Fund would be transhipped to Suez. Bitter Lake, will provide four for Arab Economic Developbypasses or waiting points to ment and the Islamic Develop-

> for International Development the Snez Canal Fund and the exchange requirement.

Given the hefty overheads. the marginal profit is extremely nportant Most of the extra \$450m a year that the widened and deepened canal is expected to bring in will be net profit to the Egyptian exchequer ments problems next year.

World trada uncertainties could also affect plans to raise and there are none with selected tariffs when the declared intentions at present widened canal becomes operational. At present SCA officials

> the future for world shipping becomes clearer and the profitability of the first phase can be evaluated. eventually to open a second channel for northbound traffic in ballast are, in the words of Mr. Ahmad Ammar, the head idea is a plan to have Very offload most of their crude in Suez, pass through the Suez Canal in ballest and reload their oil again at Sidi Kreir near Alexandria, the oil having been pumped through the Snez Mediterranean (Sumed) pipe-Snez

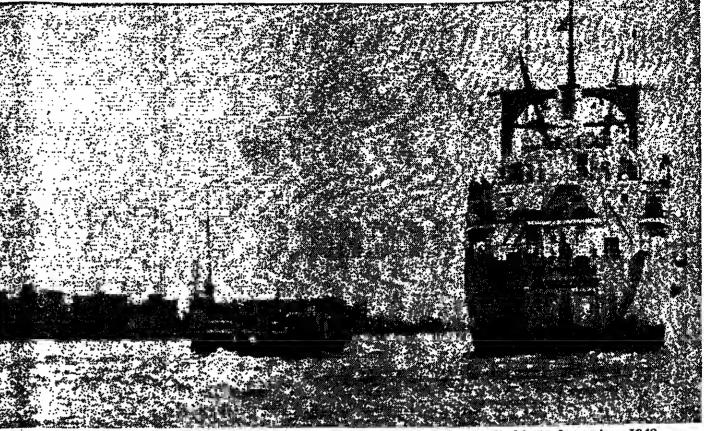
Sumed opened early in 1977, and the \$500m pipeline has found it hard to find orders to e employed on the operation. grace periods. Lenders read ruise throughput to 50 per ceut the September next year the like a Who's Who of the Arab of its initial 80m tonnes a year raise throughput to 50 per ceut

An Arab boycott of Sumed (owned 50 per cent by EGPC and the rest by Saudi Arabia, Abu Dhabi, Kuwait and Qatar) (USAID), West Germany, is unlikely given the large France and the UK all bave a financial stake the oil states finger in the pie, while Japan have in the project (Arab bas over \$210m committed to funds for the Suez Canal pro-Suez Canal projects. Finally, jects are still reportedly through), SCA itself are providing just general uncertainties will not under \$100m of the foreign help it through this rough stopped shipments through the pipeline. Iraq, for instance, bas

The gamble of opening the canal in June, 1975, before the Israelis bad fully withdrawn from the East Bank has not yet come up trumpa financially, but important point given that it has paid off handsomely in U.S. to table its own proposals, Egypt may face balance of pay- providing a push to stabilising which they are confident will be the region and for providing a focus for the redevelopment of the ravaged canal towns. The and expect the U.S. to bear the return of nearly 1m refugees main brunt of the negotiations, to their homes alone has been and some officials say privately important social aignificance

The Suez Canal remains a vital artery. Port Said derives its free zone status as a canal entrepot from it, although this is reportedly being revaluated because of disappointing results just as it does from the fact that the U.S. aid has financed studies for a new 10m tons a important for grain and for as foreseen by the Camp David meat imports from the accords. However, Mr. Sadat Antipodes. It has possibilities for medium to heavy industry and petrochemicals based on its refinery. Despite the diversification, the canal will continue be the infrastructural backbone on which the development will take place.

Alan Mackie The main leverage which senior Egyptian officials ex-



The cargo ship Ashdad passing through the Suez Canal in April, the first Israeli ship to do so since 1948

CONTINUED FROM PREVIOUS PAGE

ters as the exchange of ambas-

and officials admit that they are now essentially walting for the much closer to their position than to the Israelis'. They hope that there is little more Egypt are tightlipped about their pric-ing plans, crowded Cairo. can do beyond refusing to be provoked by Mr. Begin into abandoning what they see as an essentially reasonable and nonextremist position. Israel'a invasion of Southern Lebanon in March last year, its persistent air, sea and ground attacks on alleged Palestinian positions, its refusal to stop building Jewish settlements on the West Bank, year port. Ismailiya houses the SCA headquarters, although its "provocation" of Syria commercial future is likely to be in agro-industrial projects. Settlements of all weeks and its "provocation" of Syria commercial future is likely to be in agro-industrial projects. Suez is developing its own free attempt by Mr. Begin to ensure zone around the port of that no Palestinians are tempted Adabia, which is becoming to come to the negotiating table bas to be aware that even with-

David, with many of them con-

dribble through and other contacts are taking place. out such Israeli actions even It is a process both provided the more moderate mayors and for by the treaty and one that civic leaders on the West Bank Mr. Sadat will not find it easy to and Gaza were opposed to Camp halt without making a more radical shift in his attitude tosidering it was merely a formula wards Israel. According to the for legalising Israeli occupation. terms of the treaty, full nego-tiations on trade, cultural and

just for official purposes.

few tourists are beginning to

civil aviation agreements will

pected to be able to exert over not start for more than a year. Israel as the negotiations pro- Egyptian officials usually claim gressed was the pace at which that it is premature to normal relations between the discussing the possible benefits two countries would be allowed to either nation, although they to develop. Time and again, it was explained that such matagree that Israel seems to have far more to gain.

The booming Egyptian con-

sadors, open borders, granting goods market is obof visas, trade relations and viously an attraction for Israel, economic co-operation would be and in Tel Aviv it is said that the carrots dangled to enthey are eager to offer their courage concessions from Israel. agriculture technology to Egypt. Mr. Sadat, however, has al-The concept of harnessing ready conceded that ambassa-Egyptian labour to Israeli techdors will be exchanged nine nology is still a sensitive issue months after the ratification of in Cairo. The authorities rethe treaty in return for speeded fused to allow some 5,000 Israeli withdrawal from Egyptians living in El Arish, Sinai during the first phase. Some Egyptian commercial conthe capital of Sinai, to continue with their jnbs in Israel after cerns are already understood to It had been handed back to be in contact with Israali com-Egypt, despite the obvious panies. An air corridor beeconomic disadvantages and the tween the two countries bas been inaugurated, albeit so far impossibility of quickly providing alternative employment.

Egypt has also agreed to sell nil to Israel from the Sinai fields, which will be returned later this year. But officials stress that prices will be those currently pertaining on the world market and that Israel will be treated as any other customer.

The social and cultural aspects of normalisation are another cause of anxiety to some Egyptian officials, who

fear the possible political conaequences of a large number of Israelis suddenly descending on their country. Apart from the obvious security implications and the fear that Israeli tourists could become terrorist targets, they point to the potential tension, as one put it "between representatives of the hated Zionist state and the Islamic fundamentalists who have been excited by what is happening in Iran." Therefore they hope that both Mr. Sadat and the Israeli Government will move with extreme caution on the full opening of land borders, which for first time in over 30 years will make it possible to

drive from Jerusalem to Cairo. But before that happens the target date of one year for the successful conclusion of negotiations on Palestinian autonomy will have expired. that will depend what Mr. Sadat has to show to his Arab critics and, by then, a more accurate assessment of the effect the Arab boycottis having on the Egyptian economy will be avail-able. These two considerations are still far more important to the future of Egyptian-Israeli relations than any protestations about "full, frank and friendly" exchanges between the two countries leaders.

R.M.

INVESTMENT OPPORTUNITIES Egypt: The Start of a New Era

In the last five years 962 foreign partners have participated in the establishment of new projects in Egypt. Now, after starting the peace process foreign firms in growing numbers are seriously investigating the possibility of investing in Egypt. Political stability, continued growth, high rate of rentability and suitable incentives and enormous physical potentials are the main pillars for the favourable investment opportunities in Egypt.

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The new five year plan (1978-1982) is currently under way. We are seeking partners in almost all activities. However, we give special priority to agricultural projects and agro-industries. Building materials industry is also high on the priority list. Tourism has a great future in a country which is fortunate with an immense reservoir of historical and cultural heritage.

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-Acquisition of foreign currency in the commercial market.

-Projects established in the Free Zones enjoy complete freedom from local taxes.

-Free Zones projects are not subject to any duties or taxes on their imports and exports entering or leaving the Free Zone areas.

-Guarantee against expropriation or nationalisation.

-Protection for foreign investment under the World Bank's International "Convention for the Settlement of Investment Disputes with the Nationals of Other Countries," in addition to 14 bilateral agreements concluded to provide such protection, including the UK.

THE INVESTMENT AUTHORITY

The General Authority for Investment and Free Zones is the competent body responsible for granting the privileges specified in the Investment Law to newly established projects. GAFI will look into your queries or proposals and will answer you immediately with no delay.

For further information please contact:

Investment and Free Zones Authority, 8 Adly Street, Cairo. P.O. Box 1007 Cairo. TeL: 902645-923677-934349 Telex: 92235 INVST UN & 349 GAFEC UN.

Or: The Egyptian Commercial Offices in: London: 23 South St., London W1, Telex 23650. Paris: 56 Ave. d'Iena, 75116 Paris, Telex 611691. Bonn: Paracelsusstrasse 72, 53 Bonn, Bad Godesburg, Telex 885719 WGTD.

Approved Inland, Public and Private Free Zones Projects (31/12/1978)

(Value in L. E. 1000)

	100	N-1	Ca	pital			
	Status	Number	Local C.	Foreign C.	Total	Total Investmen	
A.	Inland Projects						
1.	Investment Companies	49	58,316	125,710	184,026	194,526	
2,	Banks and Banking Institutions	37	85,758	93,709	129,467	129,467	
3.	Touristic Projects	86	177,163	189,225	366,388	570,282	
4.	Housing Projects	35	115,183	100,723	215,906	243,248	
5.	Transportation Projects	10	3,387	23,102	26,489	60,706	
	Health Projects	13	15,301	19,707	35,008	51,519	
7	Agricultural Projects	20	53,919	52,303	106,222	251,219	
8.	Contracting Projects	57 -	10,226	18,497	28,723	56,759	
9.	Education, Training and			***			
	Services Projects	19	2,361	128,454	130.815	139,061	
	Textile Projects	33	61,912	43,197	105,109	586,097	
11.	Food and Beverages Projects	32	14,292	10,782	25,074	67,271	
12.	Chemical Projects	70	24,530	56,709	81,239	112,434	
13.	Wood Products Projects	11	3,609	5,597	9,206	16,246	
14.	Engineering Projects	40	34,924	52,771	87,695	282,108	
	Building Materials Projects	27	53,679	31,731	85,410	221,739	
16.	Metallurgical Projects	21	10,653	18,141	28,794	36,208	
17.	Pharmaceutical Projects	9	3,831	6,062	9,893	16,731	
18.	Mining Projects	5	2,287	2,986	5.273	6,094	
19.	Petroleum Projects	· 4	774	2,510	3.284	3,284	
	Total	591	682,105	981,916	1,664,021	3,045,002	
B.	Public Free Zones Projects						
1	Cairo Public Free Zone	- 27	916	20.986	25,132	25,132	
÷-	Alexandria Public Free Zone	47	10.125	79.645	89,770	190,262	
2.	Suez Public Free Zone	51	1,609	16,367	17.976	23,403	
3.	Port Said Public Free Zone	120	4,087	93,646	97,733	123,326	
<u>-2.</u>	LOUI DAIG FRUNC FIEE DONE						
	Total	245 	16,737	210,644	227,381	362,128	
C.	Private Free Zones Projects			•			
1	Cairo Private Frea Zone	25	3.204	26.774	. 29,978	40.381	
Ž.	Alexandria Private Free Zone	34	2,540	131,480	134,020	868.443	
2. Q	Suez Private Free Zone	4	834	28.331	29.165	. 29,232	
ø.	Port Said Private Free Zone	4	60	732	792	1,241	
<u>*</u>	TOT SHIP FILTREE TIES BOLE						
	Total	67	6,638	187,317	193,955	939,297	
	. Grand Total	903	705.480	1,379,877	2.085.357	4.346.427	



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Banking

Promising growth

doors were opened, it has ridden periods of criticsm, when "foreign bank" was a dirty word loaded with innuendoes of quick profits from luxury imports, to find a useful role: that of making the iocal banks respond to the competitive challenge, and of beginning to finance muchneeded intermediate and raw the National Bank of Egypt material imports, as well as the and Chase Manhattan Bank bas odd joint venture.

There are some 70 foreign banks with a presence in Egypt. Those that have made efforts to set down roots are prospering, whlle the rest wilt in the competition. No matter prospering. would be competition. No matter in the competition. No matter what the original intention, ing opportunities are marriy all of them began by year to consolidate.

Misr International Bank (MiBank), like Chase National.

Offer dollar and Egyptian Misr hearly all of them began by financing trade to cover their startup expenses. But as they have found their feet, and established credit ratings with trusted customers they have

come into their own.

The four British banks established in Cairn give an idea of the breadth of activities. Cairo the breadth of activities. Calro Barclays International (a 50-50 joint venture with Banque du Caire) is a development bank, aiming to marry Arab money with Western expertise in Egyptian development projects. It has been instrumental in dealing authors and finance. in finding partners and finance in 17 joint ventures with a total capital of around \$70m.

Lloyds Bank International is an offsbore operation which is steadily deepening and broaden-ing the scope of its operations. It is looking for promising small-scale private ventures which need casb and is eyeing the plums to be plucked fromfinancing public sector husiness. It is also becoming more active in loan syndication. Midland relies exclusively on

its correspondent husiness and has handled a fair amount of business for the Arab Organisation for Industrialisation,

ever, can deal in Egyptian pounds, because to do so requires a joint vecture with a majority Egyptian shareholding. Chase National, a 51 per cent controlled joint venture with thus been able to tap the lucrative business of offering Egyptian pound and dollar accounts. Chase National last year raised profits by 79 per cent to E£2.8m (£1.8m). It is

pound accounts (Banque Misr and Misr Insurance Company between them own 51 per cent of the shares, the remainder is beld by European, American and Japanese banking interests). It more than doubled profits last year to E£2.6m and is looking for an expansion of its term lending programme.

Special

In a special category, because of their specialised interests, are the Arab offshore banks and the Arab commerciai banks operating In Cairo. The largest of these are the Arah International Bank, which was the first offshore bank to be set up in 1974, and the Arab African International Bank.

capital be doubled to \$40m. It cent differential has been estab-has been involved in several lisbed between what the pound rentures, ranging from an air fetches by going through the conditioning plant to synthetic official channels and the funds

their better staff and to having their bands tied by low domestic interest rates. But their freedom of activities has been greatly extended. They can now go in the open market for foreign exchange and compete for hard currency deposits. Domestic interest rates are rising (the current base rate is compilated but recently which will be the first in Egypt Chase National lambed an to operate according to the first in Egypt Chase National lambed an to operate according to the first in Egypt Chase National lambed an to operate according to the first in Egypt Chase National lambed an to operate according to the first in Egypt Chase National lambed an to operate according to the first in Egypt characters.

out a profitable business. The Nile Bank and Delta Bank have been set up to utilise the savings. of Egyptians working in the

the beginning of this year Now Attempt there are only two rates, the fixed parallel rate of 69 plastres. It was the first attempt by to the dollar and the open Egypt to borrow on its own other hard curreocy deposits. They have also done a good correspondence business in placing AOI funds.

In a special category again is the Misr Iran Development in Bank, which is owned 50-50 hy its pinned, creating an effect not as good as those in the Iranian and by Egyptian interests. It receotly requested its capital be doubled to \$40m. It has been involved in several is remitted by an all the seven what the point of the Development of the Development of the Development of the Johns in Cairo and the conditioning plant to synthetic official channels and the funds the amountement of the Development of the Development of the Development of the Development of the Johns in Cairo about the cairo is implicably to difficult economic and financial conditioning plant to synthetic official channels and the funds the amountement of the Development of the Development of the Johns in Cairo abolity to implement politically furt.

rising (the current base rate is Sper cent) and they can offer improved staff incentives. They are also beginning to wake up to the potential of their traditional public sector links.

A new breed of Indigenous banks is also developing, best illustrated by the Suez Canal Bank. Set up to develop the Snez Canal Ione, the bank has lost no time in using its powerful Egyptian contacts to cave out a profitable business. The four area banks promoting in the such and profitable business. The four area banks and European contacts to cave out a profitable business. The four area banks are such that the failure of a rely on Egyptian and Western the four area banks promoting in the such that the failure of a rely on Egyptian and Western that the four area banks promoting in the such that the failure of a rely on Egyptian and Western that the failure of a rely on Egyptian and Western that the four area banks promoting in the such that the failure of a rely on Egyptian and Western that the failure of a rely on Egyptian and W Francaises of Paris withdrew their suport in line with the Gulf and Saudi Arabia, while Bank were to have been the

market rate of 75-80 plastres to account in modern times. A African International Bank. These two banks have been active in syndicating loans for hotel development and in stimulating interest in dollar and other hard curreccy deposits. They have also done a good correspondence business in placing AOI funds.

In a resolution of the great \$250m Eurodollar loam managed the market's foreign entitiange to successes of Egypt's wearing, by Chase Manhattan of London requirement, there is entitiange in the spring of 1977 was under ing to stop the development of market rate has been the written by the Gulf Organisation more sophisticated financial from an official to an open in the spring of 1977 was under ing to stop the development of market rate has been the written by the Gulf Organisation more sophisticated financial from a "grey" market and (GODE). Citibank has since mems will be geared to the representation of the local market.

In a resolution of the series of the local market. The correlation of the local market rate of 75-80 plastics to account in modern times. A remitances continue to supplie the market spring of 1977 was under ing to stop the development of ing to stop the development of the spring of 1977 was under ing to stop the development of Egypt market rate of 75-80 plastics to account in modern times. A remitances continue to supplie to

the announcement of the dis- reforms, could really huit textile plant and hotels, with a accorded onickly on the open bandment of AOI in May when total capital of nearly \$300m. market. Official foreign ex instructions were given to the bandment of AOI in May when

THE BANKING and financial the arms organisation in the sector has undoubtedly been one of the success stories of the open door policy. Being the first sector to develop after the doors were opened, it bas ridden periods of criticsm, when "foreign bank" was a dirty word loaded with innuentation of the same organisation in the arms organisation in the through the arms organisation in the projects and a further \$40m on how quickly the parallel acted upon) to freeze all AOI projects and a further \$40m on how quickly the parallel acted upon) to freeze all AOI market pool is replenished by accounts; hut no large-scale market pool is replenished by accounts; hut no large-scale market pool is replenished by accounts; hut no large-scale committed.

The local banks at first remittances banked through the withdrawal of deposits his reacted negatively to the commercial banks, tourist happened yet. Funds are projects and a further \$40m on how quickly the parallel acted upon) to freeze all AOI.

The local banks at first remittances banked through the withdrawal of deposits, his reacted negatively to the commercial banks, tourist happened yet. Funds are commercial banks, tourist happened yet.

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Financial Times Monday July 30 1979

their suport in line with the organisation is the Joint Arab Baghdad negntiations. Cribbal, Investment Corporation which Credit Lyonnais and Deutsche although 50 per cent owned by Bank were to have been the the Abu Dhabi Government (the the Development Industrial other lead managers. The remaining shareholders are primary aim of the lost \$200m Egyptian institutions) claims to significant financial force by of which was earmarked for be the institutions of the remain merchant bank working to the releading \$125m of soft loans to power projects and the remain merchant bank, working to the small-scale private industry. It is negotiating with the World Bank for another \$50m.

There have also been developments in creating a money the country is likely to have its still finding its feet. It hopes market. A major reform was recourse to Eurodollar borrow eventually to seek out investing of 39 plastres to the dollar at the day when Cairo has a proper money market issuing certifi-

cates of deposits.

So Ibng as the workers remittances continue to supply the market's foreign exchange

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Figures in millions of Egyptian pounds for the years 1977 and 1978:

	31.12.77	31.12.78
Capital and Provisions	0.9	1.9
Deposits	69.0	107.7
Loans	18.3	35.6
Total footing	79.1	119.9
Contingent liabilities	50.2	107.9
Net profit	0.8	2.6

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Risk of over-production

oil bas been a welcome and much needed boon to Egypt sector bas proved to be second only to the Suez Canal Authority in its competence.

Its contributions to the economy are simple to list. It is now the country's largest source of foreign currency and provides 40 per cent of exports.

Its proportion of the GDP bas risen from 3.1 per cent in 1975 tn 5.1 per cent la 1978. became a net earner in 1976. with a surplus of \$380m. Last year this had risen to \$700m and this year, subject to some extent to prices, between \$800m and \$900m net. In global terms its reserves are small, estimated in 1979 at 356.2m toos.

Predictably oil has become something of a gesture of political determination, particularly in the face of the Arab boycott. But even before that, President Sadat used regularly to make two claims: that by 1980 there would be earnings of \$1bn and production would reach 1m barrels a day. The former is realistic, and latter not: nevertheless, the contribution to the ecocomy which oil now and gas in the future will substantial make are

Production in recent years has risen from 300,000 b/d in 1975 to 424,000 b/d last year. The daily prodoction sheet of the Egyptian General Petroleum Corporation (EGPC) for July 9 this year gives a useful picture of average production and the main producing areas. Production totalled 534.873 b/d (which includes 20,000 h/d of natural gas). Of these 379,574 h/d or 71 per cent came from the Gulf of Suez. The main fields were: July 183.422 b/d. Ramadan 95,000 h/d. Morgan 81,000 b/d. and Gharib 7,322 b/d. Production in the Western Desert totalled 24.130 h/d, mainly from Ahu Gharadiq field (11.773 h/d) and Razzaq [11,750 h/d).

Production in the July and Morgan fields (the latter producing less than twice its former output after a drop in pressure in 1971 which was not restored until after 1975) is expecied to rise slightly, and that at Ramadan at a faster rate in future. . It is reckooed, however, that production over this year will rise little if at all, even though successive Israeli withdrawals towards the end of this month and in November will see the return, in the

bara, Alama and Ras Muham-And wbatever its other mad fields—producing between economic problems, Egypt's oil them over 30 000 b/d. Even if a temporary plateau appears to bave been reached in production, the expansion of Egypt's production remains impressive.

Where does this now leave the cherished 1m b/d target? Mr. Izzeddin Hilal, the Petro-leum Minister, said in January that the figure would not now be met until 1982. Officials of the Ministry and EGPC and foreign oil companies argue that there is no reason why two three more fields of the size of July or Ramadan - perbaps in the adjacent South Belayim field — should not be found in the next year or two to bring this target close. (Drilling costs in this area are quite high at about \$60m a well.)

In addition, they argue that the Western Desert's "deposi-tion basin? (the surface area multiplied by the average depth in which oll might be found) is Infinitely larger than that of the Gulf of Suez, similar in geophysical make-up to Eastern Libya, and by comparison underexplored — and that therefore it should yield substantial oil finds.

Qualified

While there is general agree ment that more finds will be made, this view is qualified because of geophysical problems which make even modern seismic techniques more than usually chancy. Finally the point is made that there is inevitably a time lag between discovery and production. Thus though 1982 remains the official target, unofficially 1984 is reckoned to he a more realistic

During 1978, nine oil strikes were made - seven in the Gulf of Suez, and one each in the Western and Eastern Deserts. (Elf-Aquitaine also made what may be Egypt's largest natural gas find 50 km offshore northeast of Alexandria.)

The most important oil find was by a consortium headed by Deminex, and including Shell Mex and BP, offshore in the Gulf of Sucz 4 km from the north east coast of Sinai. Oll flowed initially at the rate of 4.700 b/d and production could reach 100,000 b/d. A decision to start production initially at 10,000 b/d is expected shortly.

TO HAVE been for more than former case, of the Asal, Sider, and with it the important three years a net exporter of and Felran fields and, in the decision whether to havest at oil has been a welcome and latter case, the Tur. Ras Gab least \$100m in providing on shore facilities, which are absent in that area. For the more onshore facilities are developed around the Gulf to complement the installed handling nificant agreements have been

CONTINUED ON NEXT PAGE

important ture on exploration and development over a total area of 663,000 sq km (or two-thirds of Egypt's whole land mass), with signature bonuses totalling about \$111m. The most recent and sig-

capacity at Ras Shuqair of an agreement with Shell will-about 500,000 b/d, the more ing to spend \$83m on the feasible the development of marginal finds will become awarded in Egypt 25,672 sq.km. For the future, Egypt sets in the Western Desert two much store by its production small concessions to Conoco and sharing agreements with Shell in Southern Sinal white foreign oil companies. Since still under Israelf occupation; the Ministry of Petroleum was and on July 15 a 400 sq kin conset up, separately from the cession to CEP (Total) at the Ministry of Industry, 55 agree northern end of the Gulf of ments, now all of the "produc-Suez In the coming months four northern end of the Gulf of Suez In the coming months four tion sharing" type, bave been other agreements. — involving concluded. These involve the commitments totalling up to n snaring type, have been other agreements involved actuded. These involve the commitments fotalling up to miniment of \$1.1bu expendi- \$100m—with Huston Oil and





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CAIRO FAR EAST BANK, CAIRO with Korea Exchange Bank and other banks in Korea Brood Experience in Foreign Operations
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EGYPT IX

Industry

Changing strategy

rationalise Egypt's industry, Mr. Jorahim Atallah, the minister responsible recently announced its formal reshaping into five main sectors. These are to be odstuffs, metallurgical, and

These divisions are the logical erts into which this controver gial and much criticised part of the economy fall. Industry, perhaps more than any other sector, has been exposed to the full range of dilemmas that a Government has to tackle when trying to decide priorities on the limited resources. Industry in Egypt is both old and young. The first iefforts were made under Mohammed All between 1820 and 1840, and grew directly oot of the development of cotton. In the modern sense, it began a continuation between the transport of the transp century later between the two world wars with the first moves fewards import-substitution. But it has been plagued by inadequate manpower, distortions induced first by the British presence and then by four major wars with Israel, and finally by the governments of Presidents Nasser and Sadat changing their strategies over the relative roles of the public Successive governments have

ta develop industries whose remort competitiveness is rikinted by protective and rinefficiency-inducing tariffs, myhether to develop heavy oindustry so as to enrich the experience of the workforce in the full knowledge that the steel produced and the cars competitive in price, whether, having given the public sector a fair run-in which to become established, to offset its inberent inefficiencies, its overmanning and weak management, by stimedating the private sector to pro-

tion of 17 per cent bas been in importance. It bas. and its proportion of gross fixed investment has riseo from 21.9 per cent in 1975 to 29 per cent (E£512.4m ont of E£1.77bo) in 1977. Under the terms of the former 1978-82 development plan its share of investment was to have been 20.7 per cent, the largest single allocation to one sector. Industry provides lobs

the sconomy, has been subject with 30 per cent in 1974.

The afficial flights of fantasy At the same time the process

GROSS VALUE OF INDUSTRIAL PRODUCTION 1974-1978*

					Jan	L-Sept
	1974	1975	1976	1977	1977	1978
Spinning and weaving products	603.3	890.2	755.8	836.5	625.9	759.0
Public sector Private sector	458.3 145.0	503.9 186.3	563.1 192.7	641.1 195.4	471:5 154.4	
Foodstaffs	608.6	698.0	774.8	845.9	653.7	706.5
Public sector Private sector	481.6 127.0	548.4 149.6	591.7 183.1	667.3 178.6	503.5 150.2	561.9 144.6
Chemicals	195.5	267.4	232.3	279.2	185.9	221.9
Public sector Private Sector	153.4 421	207.1 60.3	180.4 SL9	202.4 76.8	147.0 38.9	163,2 58.7
Engineering and metallurgical products:	319.6	385.5	446.2	541.4	391.6	461.7
Public sector Private sector	271.0 48.6	337.9 57.6	381.2 65.0	471.2	337.6 54.0	406.4 55.3
Building materials	72.1	93.4	20.2	26.9	16.4	20.8
Public sector Private sector	59.3 12.8	76.8 16.6	20.2	26.9	16.4	20.8
Mining products (public sector)	5.7	7.0	7.7	8.3	6.0	7.3
Woodworking products (private sector)	39.3	39.8	60.4	75.0	39.3	41.0
Leather products (private sector)	60.2	86.6	162,2	170.5	127.2	128.9
Total	1,904.3	2,267.9	2,459.6	2,783.7	2,046.0	2,347.1
Public sector Private sector	1,429.3	1,671.1	1,724.1 735.5	1,990.3 793.4	1,465.6 580.4	1,733.3 613.8

* Covers only industries under the supervision of the Ministry of Industry and Mining. Source: Ministry of Industry and Mining.

resuscitation economy, as much as \$12.3bn was to be earmarked for industry, of which \$3.7bn was Previous for spare parts and the remaining major part mainly for investment to existing projects,
to modernise equipment in
industrial exports in 1977, and some of its operations to modernise equipment in the with the growing decline of nearly all industries but with agriculture in its contribution particular emphasis on the tro-the GDP, industry's propor-spinning and weaving and mining sectors. A similar unification of the exchange rate theme—emphasis on the completion of existing the completion of the exchange rate of the completion of the exchange rate of the completion of the exchange rate of the wheen able to expand, in particupletion of existing projects—
Flar after 1975, as the greater emerges in the document subfandow of foreign currency permitted before the Tokyo
faithed the partial reactivation summit, where Eff. 4bn, (of,
foldie capacity. At constant which the private sector is to for idle capacity. At constant which the private sector is to the between public forces, its annual growth rate provide E£700m) is allocated and private sectors is about has been in the region of 8 per to industry out of a total de. 80: 20, a legacy of the Nasserite receit over the last few years, velopment plan for 1979-83 of and it is now generally accepted and it is now generally accepted.

e setback in 1976, partly because of the cancellation of a number of bilateral arrangements as Egypt tried to direct its exports more towards con-vertible currency markets, vertible currency markets, where price competition is more intense. This redirection bas for about 700,000 people or continued and two thirds of about 12 per cent of the work-exports of industrial goods are about 12 per cent of the worknow destined for convertible

when long-term investment has of shifting these exports from been considered. For example, the inflicial rate to the more when President Sadat unveiled realisic parallel exchange rate his so-called Carter Plan for th Egyptian pound (com-

pleted by February 1977), provided exports with an 80 per cent premium over earnings. the further improvement in 1978. However, the final the further improvement in (fixed at the beginning of the year at about 70 cents to the Egyptian pound) may make

competitive.

The balance between public of social benefit will remain in public sector, leaving competition from the private sector to medium and light industries, which employs 40 per cent of all industrial workers in this sector. Capital investment has been rising slowly, from E£100m in 1970-71 to E£180m last year. The number of licences granted by the Public Organisation for Industrialisation has risen from 314 in 1970 to over 800 last year, with a notable leap through the 700 mark in 1975, the year after President Sadat's "open door" policy was announced.

private sector rose by 31 per from Ef1.04bn. The largest sectors were spinnlog and weaving (E£299m), leather (E£249m), and foodstuffs (E£202m), but the swiftest expansion was experienced in the electrical, leather, woodworking and metallurgical industries. Exports rose in 1978 by 3,1 per cent from E£43m to E£44.3m.

But perhaps significant and sign was a rise of 7 per cent in industrial exports to the bard currency markets, suggesting that the private sector is beginning to flourish under com-Petition. According to Mr. chairman of the Development Industrial Bank, the only bank coocerned with medium and light industrial development. private sector industrialists are changing their habits and movlog nut of more immediately lucrative sectors such as tourism (particularly after the industries such as weaving and textiles to more sophisticated areas such as circuitry, capital goods, and the food and food-processing industries.

A.McD

CONTINUED FROM PREVIOUS PAGE

Minerals, International Mari-lime of Switzerland and two with CFP are expected all in he Gulf of Suez EGPG is soon to anction 17

both on and offshore, beside 12

others which were auctioned off in-1976, soon after the second disengagement treaty with Istael made them available Officials speak hopefully of Sipples prospects but admit that mish will depend on whether Israel will share information, erwise seismic work will beve to start virtually from scratch. Under the agreement with EGPC foreign oil companies are made responsible for all prosparting, and once oil is found, part of production is earmarked for cost recovery. Usually the company commits itself to a minimum leval of expenditure over a period which averages between seven and 12 ears. If a commercial discovery is made, production is undertaken jointly with the Government, and expenditure on exploration, development and operations is recovered from the proceeds of between 20 and 40 companies to the Western Desert). If actual expenditure exceeds this limit, the balance is transferred to subsequent periods. If it falls short the Temainder is either shared between EGPC and the foreign partner or fully paid to EGPC. This portion is known as "cost oll," the remaining "profit oil" is shared between the Govern-

the Government is fully satisfied with this sort of alrangement, under the impact member of souring all prices, the comare becoming less so, been taking advantage of the Government is planning to as possible for the loog term.

arguing that the incentive to OPEC rises and asking (and the Government is planning to as possible for the loog term.

build up the pipeline network to bring this gas both to industrial and that in any case 26 degrees API Belayim crude, to bring this gas both to industrial and that in any case 26 degrees API Belayim crude,

agreed basis, usually between 75

('000 metric tons) First half 1978 1977 197 3,581 7,037 9,398 4,191 5,045 Balance of trade (1+2) 3,432 3,432 (2,810) Crude petroleum 4,100 (3,104) (996) 4,666 (2,298) 6,744 (5,619) 7,739 (5,981) (1,758) (1,342)(2,268) -2,317 (622) Pariners' share* (_) (-) (2,454)1,659 1,958 945 1,178 -233 Petroleum products Exports Of which: grants Memorandum item Purchase of crude petroieum from **541** 406 1.381 719 114 *Excludes cost recovery crude exports. † Excludes purchases from partner companies which are detailed in the memorandum item.

TRADE IN CRUDE PETROLEUM AND PETROLEUM PRODUCTS, 1974-78

Source: Egyptian General Petroleum Corporation.

production sharing is not the bargain it once was.

Tha massive rise in oil prices and the inconsistency of the spot market has made precise calculation of Egypt's oil-income difficult. At present, oil is split in three different direcper cent of oil production or tions. About 40 per cent goes actual costs. (Sixty per cent is for local consumption. Thirty now being offered to attract per cent goes to foreign companies as part payment for their agreements (a certain proportion is often sold back to the Government). Another 30 per ceut-about 150,000 b/d is thus left for export. All Egypt's available crude for 1979 was anctioned to some nine companies, mainly in Europe, last December, and their pricesoften quantities as small as ment and the company on an 5,000 b/d have been changing almost on a daily basis. (Prices

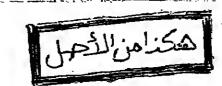
and 37 per cent in favour of the for crude for the agreement companies changes Thus Egypt, though not a nember of OPEC (and now xpelled from OAPEC), has expelled been taking advantage of the

\$32.50 for lighter 32.7 degrees trial zones around Soez and to API Morgan crude, and \$24.50 for 22.50 degrees API Gbarib crude. It is accepted that when normalisation in relations with Israel has taken place then oil will be available bot subject to the same terms as any other

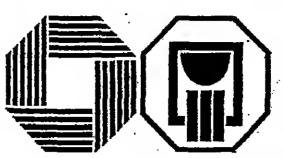
commercial bidder. But while Egypt has doubtely benefited from the rises in oil prices, it has inevitably had to pay more for its Desert and perhaps Sinai. But products imports—in the case some disquiet is already being products imports—in the case naphtha somathing like \$400 a ten, and this has cut into the net surplus that it had

hoped to gain. estimated in 1979 at 71.4m

In the short and medium term Egypt is pinning its hopes on raising oil production on the Gulf of Soez. But there are doubts whether in the longer term it will be able to sustain the main burden of the increase towards 1m b/d. Thereafter, it will depend on the Western expressed at the fact that the policy for the Past two and a half decades—that of exploiting reserves at the maximum rate In the longer term, consider possible to generate bard cur able bopes are being placed on rency-is being pursued with Whose reserves were out sufficient thought for conser vation. While a committee has tons. Natural gas production been set up to study alternative from the Abn Medi field in the sources of evergy, some officials delta and Abu Gharadiq and are wondering even at a time Abu Kir fields in the Western when the pinch of the Arab Desert is about 2m tons a year boycott is being felt-whether and is being used to fuel indus- it would not be more prudent try in the area. Associated gas to produce sufficient oil just to in the Gulf of Suez is currently cover the import of products and about 80 per cent flared off; but to keep as much in the ground



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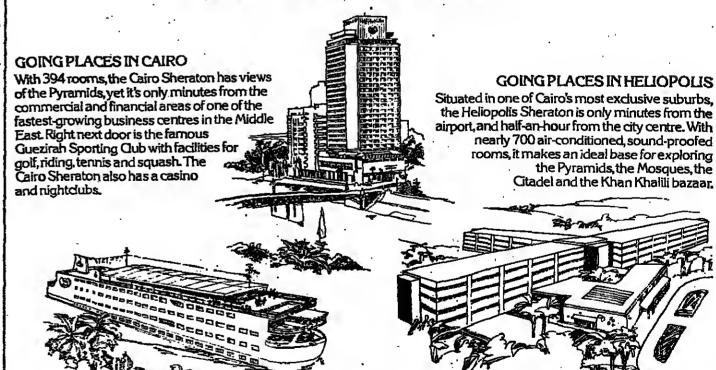
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Agriculture

Food gap is widening

AGRICULTURE REMAINS the since the price paid by the Govmost important sector of the Egyptian economy, bnt its contribution bas been declining, particularly in the past few years. Its share of GDP bas declined from 34 per cent in 1956 to 31 per cent in 1975 to 25 per cent last year. Meanwhile the population which Egypt has to feed is increasing at a rate of around 1m nr 2.5

per cent a year. The biggest problem facing Egyptian agriculture, and indeed the economy as a whole, is this widening food gap. Population and consumption are increasing at a faster rate than both agricultural production and export earnings. As a result Egypt is now spending twice as much on agricultural

imports as it earns in exports.
In the early 1970s Egypt's agricultural imports averaged \$300m. By 1974 the country was running a deficit on its agricultural trade, and in 1977 was importing \$1.8bn-worth, while exporting only some \$1.1bn. Last year the import bill rose again to \$2bn, while exports stagnated at the \$1bn mark wbere they have been for the past few years.

The Government has made ood security the priority of its current five year plan for agriculture. Its aim is to improve output through "horizontal growth" by expanding the area under cultivation, through "vertical growth" by increas-ing productivity and through mproved livestock production.

Since less than 4 per cent of the country's land is cultivable; amounting to some 6.2m feddans (6.4m acres). Egypt's only means of increasing the area under cultivation is through and reclamation, in which it has been investing heavily. Since the late 1960s, when the Aswan High Dam was built, it bas recialmed some 912,000 feddans. and under the current plan it aims to add another 657,000 feddans. But experience bas shown that this exercise bas been more costly than anticipated. The results, too, in terms of yields are very disappointing. The "new lands" contribute only some 2-3 per cent to agricultural output. In addition. some 20,000 to 40,000 feddans of the cultivable land are lost each year to housing and industry.

Another coostraint is poor drainage, affecting 80 per cent of the land, which ironically bas been the indirectly result year-round irrigation provided by the High Dam. It has produced a steady rise in the water table, resulting in waterand thus reduced productivity of the soil. It is estimated that improved drainage could increase productivity by 21-30 per The Government currently undertaking a major tile drainage programme cover-ing 5m feddans, which will not, however, be completed until at

The prospects for improving productivity through vertical growth are also limited given the agricultural system. duction is essentially in private hands, with the Government exercising its control through crop quotas for what it regards as the essential crops. It dictates either the area to be planted and sold to the Government, as in the case of cotton, or the output per area to be sold to the Government. In In both cases the farmer receives a guaranteed fixed price for these amounts. The main crops governed in this way are cotton.

But far from promoting the growth of these crops, the system acts as a disincentive

G

rice wheat and lentils and

ernment is on average between 20 and 50 per cent lower than the market price. To compensate for this the farmer receives free water and drainaga along with subsidised seeds, fertilisers and pesticides, but these by no means make up for the lower

In an attempt to counter criticism of its pricing and quota policy the Government raised the price of six of these essential crops in January of this year by around 30 per cent. It is, bowever, too early to aee whether this has proved a stimulus.

Output figures for 1978, meanwhile, give little indication that the Government's target of achieving food security will be met, agricultural output as a whole was up only 1.8 per cent in value at E£2.85bn (£1.8bn), whila production per capita was down slightly.
It was an unusually good year

for cotton, the chief export crop (dealt with elsewhere in this survey). Cereal production also increased, with output of tha (maize) and rice up 12 per cent. But, with the exception of corn, this was largely a return to 1976 levels after the depressed output of 1977.

Wheat is used primarily for making bread, which is the most important item in the diet. The price of bread is beavily subsidised so that it is sold at less than a third of the cost. As a consumption has increased at the rate of B per cent a year. Consequently the demand for wheat and wheat flour is expanding rapidly— public sector bakeries recently increased capacity from 360,500 kg (3.605 sacks) a day to 506,300

kg (5,063 sacks) a day.
Wheat consumption last year
is put at 7m tons, a rise of 15 per cent, but only 2m tons of this was produced locally des-pite the fact that more land is being devoted to wheat at the expense of cotton—up from 1.2m feddens in 1977 to 1.38m last year and 1.4m this year. Thus Egypt only produces some 28 per cent of its wheat needs. become self-sufficient it would have to devise at least three times the land to wheat that it does now, which would amount to 60 per cent of the cultivable land.

year, most of it coming from the

But although Egypt meets only 28 per cent of its wheat needs, it is over 80 per cent selfsufficient in maize, which is the staple diet of the fellah (peasant) and is used in breadmaking as well as for cattle and poultry feed. Last year production was up 17 per cent at 3m tons as a result of ahnormally high yields and an increase in the area planted. This was the result of the abolition of subsidies on imports in 197, which pushed the farmer's price up 50 per cent-no quotas

or prices are fixed oo maize. The rice crop is important to the Government both because it is popular in the urban areas because it is exported. But due to the low Government price the area planted was down 4 per cent last year, though good yields beld production at the 197 level of 2.3m tons. The Government has now increased the price by about 30 per cent. but at E£65 a ton it is still less thao the farmer gets for maize. increase

Helwar

Aswan

Wadi Halfa

Egypt is now self sufficient in fruit and vegetables and has been able to export increasing amounts. Orange feddans rise in the area planted and output of 2.4m tons this year, which should produce soma 100,000 tons for export. But it seems likely that before long

popular, so output last year rose to 79,000 tons from 26,000 tons in 1977 and is likely to be 100,00 in 1977 and is likely to be 100,000 tons this year. It is currently grown as poultry feed, but as output expands it is expected to be used for pro-viding vegetable oil. Egypt currently has to import 75 per cent of its oil needs since it produces only some 100,000 tons

from cotton seed.
While cereal output has at least recovered to 1977 levels livestock production, with the exception of poultry, is declining. Last year red meat output totalled 328,500 tons, mainly from buffalo, cattle and sheep. But as per capita income rises, consumption, though still low in relative terms, is expanding Y leids

Egypt, therefore, has to import increasing amounts of wbeat—up from 2m tons in the early 1970s to 5.1m tons last dised rate under ration. to reach 441,000 tons last year,

The main limitation on live-stock output is the lack of pasture land and shortage of feed. especially months. During the winter more and more land is devoted to feed crops such as berseem (clover), grown on the same areas as cottoo in the summer. But as this reduces the land available for basic food and cash crops, further expansion is limited. Another factor affecting meat output is that farmers still use their animals to work the

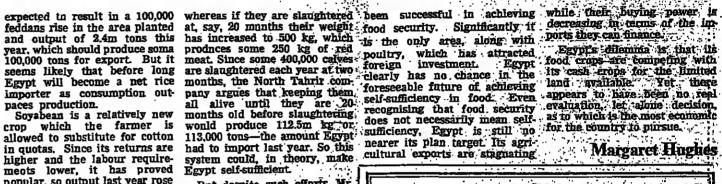
Efforts are being made to step up production both of meat and milk, io which Egypt is also through importing deficient, Friesian breeding local herds with im-This is being done, for instance, by the North Tahrir Agricultural Company, which is also trying to persuade small farmers to delay the slaughtering of young buffalo calves.

To save the mother's milk the farmers tend to kill the calves when only two months old. But

JOROAN

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ARABIA



exports last year were around 200,000 tons.

But despite such efforts, Mr. Mohamed el Salhy, first Under-Secretary at the Ministry of Agriculture, says it will take. Egypt another 15 years at least to become anything like selfsufficient. He regards poultry as the best means of increasing meat protein. Poultry production has been steadily increasing over the past ten years, with meat and eggs output virtually doubling to 115,000 tons and 1.9hn eggs last year. Even so, Egypt still has to import frozen: poultry, and the current year's estimate is 20,000 tons.

Fish is potentially a relatively cheap source of protein in Egypt, but so far little has been achieved in elther promoting consumption or boosting output. Under the current plan, how-ever, efforts are being made both to expand the capacity of the fishing fleet and to set up fish farms.

A much more successful secfruit and vegetable growing. where there is no Government control or price fixing, except at the retail farmers are able to grow three crops a year with bigb returns. they are devoting more and more of their land to these The land used for vege bas increased from 670,000 feddans ten years ago to 915,000 feddans last year, which is to be increased to 970,000 feddans this year, while the orchard area has expanded over the same period from 208,000 feddans

feddans. As a result Egypt is self-sufficleot in fruit and vegetables and is able to export an increasing amount, mainly to the EEC and the Middle East. The main vegetables exported are potatoes, of which around 166,124 tons are exported, and onlons of which 80,900 tons are exported. The main fruit export is sweet averaging 200,000 tons a year.

Fruit and vegetables—the

very area over which the Government has no control or direction-appears to he tha only sector where Egypt has

poultry, which has attracted foreign investment. Egypt

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This will need

its cash crops for the limited land available. Yet there appears to have been no real evaluation, let alone decision, as to which is the most economic

Margaret Hughes

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oilities	Assets
ital 7 5 000	Cash & Banks 283 1
& Prov 74 692	Investments 918
osits 775 468	Loans & Discounts 452 5
er Lizbilities 27 237	Other Assets 549
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EGYPT XI

Cotton

Too little available for export

FOR OVER a century Egypt's economy has revolved around cotton. It has been the chief influence on both the country's economic and social life. Cotton has been the farmer's main

the total ..

rotation and land allocation. It is the commodity around which the rest of the agricultural acctor—still the main element in the Egyptian economy—has developed. And through textiles

source of income dictating crop

export. The reasons for this are twofold. In the first place the

As a result the amount avail-

tons) were exported the volume

bas been more than halved so

tbat in 1977-78 only 2,49 cantars

were exported. Last year, bow-

ever, the quantity contracted

be 10 -per cent less at 2.7m

. The yield last year was a

passed expectations to the tune

of 1m cantars despite an almost

17 per cent reduction in the area

planted. Production totalled 8.8m cantars from

feddans, compared with 7.76m

cantars from 1.42m feddans in

the previous year—a 13 per cent

But this performance is not

expected to be repeated in the

companies), last year was "one in a 100" when all the condi-

tions necessary for optimum

The area planted this year is

about the same-1.2m feddans-

which is expected to produce

7.5m cantars, tha crop estimate being based on the average

cotton production came right.

production it has provided the June flowering period were main stimulus for Egypt's industrial development.

Cotton's role has been equally period there had been 15 con-Cotton's role has been equally important externally. It has been the main source of foreign secutive days when the tempera-ture had reached 40 degreea exchange earnings, traditionally accounting for 50 per cent or more of the total. In 1977 lt was centigrade. When temperatures rise above the 38 degrees mark at this stage it can interfere with polovertaken by petroleum as the chief export earner, but it nevertheless remains an importlination affecting boll formation, which could result in a smaller ant factor in Egypt's foreign exchange earnings, though it But more of a problem than now accounts for only some 25 per cent of exports. Cotton is

yields—Egyptian yields are development. But it is both a among the bighest in the world slow and costly process, and, —is the reduction in the area in the meantime cotton con-devoted to cotton planting sumption by domestic textile still by far the largest agricultural export, representing between 60 and 75 per cent of coupled with the increasing de-mand of the local textile industry. The cottnn companies But at a time when world towards natural fibres, in an admittedly depressed fibres admittedly depressed fibres

market, Egypt's ability to benefit Egypt's bandicap is that it is being limited by the reduction in quantities available for cultivable laod—4 per ceot of could absorb and so the pro-export. The reasons for this are the land area. With a popula-twofold. In the first place the tion increasing at the rate of This is a side of its activities area devoted to cotton planting 1m a year, there is an ever bas been declining while at the expanding demand on the land same time domestic consump-tion by Egypt's own textile emphasis of the current five-industry has been increasing. year plan is "food security." Added to wblch there is able for export has been steadily further pressure on land for 6.01m metric cantars (301.840 development.)

Obliged

for export increased to 3m cantars earning E£135m (\$192m), but this was due to days about 20 per cent of the 27 per cent of cotton output, cultivable land is devoted to but by 1973 this had risen in the unusually bigb yields of last year's crop. In the current mar-keting year (1979-80) the cotton during the summer 4t per cent and last year was months compared with about 30 up again at 60 per cent. Last amount for export is expected to determined by the Government expected to be 6.2m cantansrecord 7:38 cantars per feddan oo an area-quota basis whereby a 7 per cent increase. (1.038 acres) compared with 5.46 the farmer is obliged to devote It now uses all the a fixed amount of bis land to stapled cotton produced in cantars in 1977-78-an average

Against this the farmer gets free tiliser and pesticides are subsidised. They are also allocated uncomnetitive on

current year. According to Mr. and distributed by the Govern-Ezz el Dine Hegazi, president of Al Kahira Cotton (one of Egypt's six cotton exporting to pay the market price for

yield over the past five years, devoting more and more of was to promote exports of tax-But no real prediction can be their land to other more profit-made until August. Both Mr. able crops, particularly fruit control and marketing studies Hegazi and Dr. Abdel-Latif Issa, under secretary at the Ministry controlled. The farmer is liable sating the industry for the bigh under secretary at the Ministry of Agriculture, say that the present condition of the crop is to a fine if be does not fulfil his cotton planting quota, but good in terms of insect and pest it is apparently fairly easy to control, though there has been escape this penalty.

boll weevil activity in some With better incentives the

cotton exporting companies argue, the farmer would volun-However Mr. Hegazi said that tarily devote more of his land weather conditions during the to cotton and put more effort into his crop so that both yields and quality would be improved. Somewhat belatedly the Gov-ernment appeared to be taking a step in this direction by announcing a price increase of almost 30 per cent io January this year. This brings the average price - which varies with grade-up to about E£281.ā a ton (\$402). It is also investing heavily in land reclamation to free more land for agricultural slow and costly procesa, and,

> industry is locreasing rapidly. The industry itself developed as a natural progression frum was geared to the local market, but by the 1950s output was higher than domestic demand This is a side of its activities wblch has taken on increasing importance as another source of foreigo exchange earnings. Exports, which totalled only 840 tons in 1949, were 53,550 tons last year, representing 41 per cent of total output and earning E£137m. The forecast for export earnings in the cur-

rent year is E£165m. But this expansion has also As a result the amount given over to cotton planting has exporters. As the industry exfallen from 1.7m feddans in the 1950s and 1960s to about 1.2m ton of Egyptian cotton. In 1950s and 1960s to about 1.2m tion of Egyptian cotton. In in recent years, so that nowaper cent previously. The land year it used about 5.8m cantans area devoted to cotton crops is and this year consumption is

It now uses all the medium sell all his production to the with increasingly large quanti-Ministry of Agriculture at a ties of the top quality long price fixed by the Government staple and extra long staple, which represents only about 20 The problem is that the end per cent of the export value. medium end of the market drainage and irrigation, while which loses Egypt valuable other inputs such as seeds, ferand makes the textile product marke(s.

There have been attemnts to solve the problem. Industry, backed by the cotton exporters, to pay the market price for backed by the cotton exporters, these inputs and be paid the have wanted to import cheaper market price for their crops. short staple cotton, but this was This would also ensure that prohibited by law, mainly they obtained there inputs in because of fears that the local the quantities in which they are crop would be onen to contamineeded and at the time when nation by insects and pests they are needed—which is frequently not the case at present.

The result is that farmers are

cost of its raw material on tha other. The fund is financed by the industry itself, including the cotton spinners, and makes up the difference between the cost of Egyptian cotton and the cost of the cheaper varieties used by its competitors, which is up to 40 per cent cheaper.

However, this did not solve the problem for the cotton exporters, while the amount of funda involved has increased rapidly. Eventually the Government was persuaded to import some sbort staple cotton to free more Egyptian cotton for export and at the same time make the textile industry more competitive in real terms.

Strict

This was started on a trial basis five years ago and then in 1976-77 some 100,000 bales were imported. Most of it comes from the U.S.—financed through USAID, the Commodity Import Programme (CIP) and Arab funding—and from Sudan through oil barter deals. But it is allowed in only under the strictest regulations. In the first place the cotton bas to be fumigated both at the exporter's end and at the Egyptian end, and it can only be used by mills which are at least 30 km away from cutton growing areas. This means that it is only used by mills in the Alexandria area, which constitute sooic 40 per cent of the textile industry.

The amount imported has been gradually increased to ahout 154,000 bales last year— 593,000 chotars. This year imports are expected to be around Im cantars since cotton production will probably be lower while industry's requirements will he up. All textile products produced

from this imported cotton have to be sold locally so that the Cotton Consolidation Fund still operates for exported products. The textile industry is currently uning through a period of rejuveoation and expansion involving an anticipated 50 per cent increase in output. The five year plan aims at lifting production by EE448m a The farmer is then obliged to of the total output, together 1982 and exports by E£136m a cotton availability, the industry is stepping up output of synthetic fibres from a current 12,000 tonnes a year to 25.000 tonnes by 1980 and up to 50,000

tonnes a year by 1985.

Even so if Egypt is nut to jeopardise its cottun export potential the pressure oo the Government to allow much larger imports of shorter staple cotton must increase. And indeed the Ministry of Agriculture is understood to be studying posible methods for transporting the imported cotton to the mills in the cotton growing areas in such a way that there would be no possibility of contaminating the local crop. .

Margaret Hughes

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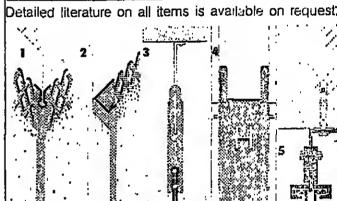
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THE SUEZ CANAL IN BRIEF

Historical Outline Opened for navigation on 17-11-1869, closed in June 1967 due to 1967 war and reopened on June 5, 1975 following the October 1973 war.

Length 173 kms Breadth between buoys 110 m Permissible draught 38 ft-Permissible speed Evolution of traffic from 1975 till June 1979

Total Daily av. Daily av. (million *000 vessels 1000 tons (vessels) tons) 187.8 20 125 220.5 248.3 60:3 105.3 73,826 S12.3

Suez Canal Development Project: in 1976 SCA embarked on executing a two-stage giant project for developing the SC due to be completed by 1983. First Stage:

Scheduled to be accomplished by mid-1980, and aims at stepping up the wet cross section area to about 3,700 square metres and the permissible draught to 53 feet; thus allowing vessels up to 150,000 tons to transit fully loaded, and up to 378:000 tons in hallast.

Second Stage: Aims at stepping up the wet cross sectional area to about \$2,000 square metres and the permissible draught to 67 feet; thus allowing vessels up to 250,000 tons to transit fully loaded and up to 700,000 tons in ballast.

The Giant Project in figures. Total

Volnme of work Executed till 1.6.79 Item

1) Dry excavation work (million. Dredging work (million cubic metres)
Decantation basins (million cubic metres)
Removing old revetments (kms.)
Constructing new revetments (kms.) Vessels Traffic Management System:

The main purpose of the VTMS is to enhance safety of transit in the Canal aspecially for very large vessels expected to transit the Canal after its development. The VTMS also time at collecting accurate and comprehensive data about the traffic situation and displaying them to the decision maker in the operation centres. The system comprises 3 radar stations, a loran C system

covering the Canal area and wireless communications between transiting vessels and the main movement office. It costs U.S.\$17.8 million and is scheduled to be accomplished by 1930. The SCA float of Dredge

		Mar	s. depth	Dredg-	
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īo.		Category	(m)	m	Service
Mahmoud Youis		rsuction	25.30	800	197
10 Ramadan			19.00	400	195
26 July	. 17	,,	18.00	700	195
Khofo	: ••		21.00	800	196
Nevertiti	77	,,	8.00	60	196
Zenobia	77		18,00	200	196
1st September		77	18.00	200	197
Tarek Ibn Zeyad			30.00	1,800	197
Khalid Ebn Al-Walid	. 71	. ,,	. 30,00	1,800	197
Ramsis			18.00	620	195
Salah El-Din	"	ıı .	30.00	2,200	197
. Khafra		Bucket	14.00	200	191
Mina 1	:	19	24.65	300	197
Mina 2		"	22.30	200	197

SCA Fleet of Dredgers. Comprising 14 dredgers of different types and capacities and they are deployed in executing 132 million cubic metres in the development project.



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XVIIII XXXXX

PRESIDENT SADAT'S economic from the cramped offices of the liberalisation bas opened the el Shams company in the long-closed Egyptian market to Immobilia Building in Central international builders, designers Cairo. Among Hamdl's backers labourers to the Arab oil exportand engineers. Before 1974, are the Saudi financier Mr. scarcely a foreign contractor Adnan Khashoggi and a group could be found operating in callad the Misr-Abu Dhabi Egypt. Now, the giant cranes Property Development Com-

of British, American, Italian, pany. Swiss and South Korean firms. To

two main sources: the petroleum exporting states and aid programmes. Arab investors are backing many of the hotels, luxury apartments and office buildings going up in the Cairo and Alexandria areas.

example, Higgs and Hill (UK) nas just completed the twin 38 toward payments and sive bousing shortage and in-storey cores of Cairo's tallest schedules. However, such pub- adequate supply of medium-building the 572- Cairo Blance building, the \$72m Cairo Plaza lic sector companies as the office and residential complex. Arab. Contractors (Osman office and residential complex. Arab J. Jarvis and Sons (UK) is putting up the \$6m Sarwat office Hassan Allam have established block in downtown Cairo. Both private branches to try to cope structures belong to the empire of Egypt's leading individual property developer. Wagnih Egyptian construction industry per cent, down from 12.3 per Hamdi. Mr. Hamdi controls at include customs snarl-ups and cent in 1977. The Ministry puts least \$200m worth of projects an inadequate supply of cement: the market size for 1977 at

Construction

International market

To lower their tax profiles. to name a few, stalk the Cairo many developers and international contractors form joint The need to erect office space, bousing and botels fast spurred the decision to admit outsiders Law 43 provides certain to the Egyptian construction customs exemptions on field. More than a decade of imported building materials economic isolation under the and equipment and five-year tax Egyptian building industry alow ventures approved by the some-and antiquated. International times whimsical Investment talent bad to be introduced if Authority. A rule that Law 43 construction companies must be for Industrialisation (AOI), Egyptians were to see a construction companies must be quick payoff from Mr. Sadat'a 50 per cent Egyptian owned is peace initiative and open-door a drawback on occasion. Suiteconomic policy.

Financing for international projects in Egypt has come from two main sources; the petroleum Egyptlan contractors

Attitudes

experience.

International companies So far British companies have working in tandem with some won the lion's share of private of the Government-owned conconstruction contracts. For struction glants have been struction giants have been hempered by casual attitudes Ahmed Osman and Co.) and with the new economic climate.

lng states. This situation could change if the Arab countries started to cut back on Egyptian

political climate that prevaila between Egypt and most other Arab countries threatens to damage the Egyptian construc-tion industry. Already, it is on reported that a Saudi Prince ials withdrew his financing from a Egypt-based joint Arab arms concern tha Arab Organisation affected two AOI-employed British construction firms, John to be back at work, but the future of the AOI plants after the recently announced for public expenditure of \$715m Egyptian takeover is uncertain, on housing. many expatriate builders in The giaot western and multi-Cairo are pessimistic about lateral aid programmes operatchances for more Egyptian

contracts. A few optimists like the American Mr. James Cosgrove, chairman of Cosmer International, point to Egypt's mastees of a rosy construction future. But calculations based on Ministry of Planning statis-tics for the first nine months of 1978 show that real growth Other factors that hinder the in the industry slowed to 4.7 per cent, down from 12.3 per cent in 1977. The Ministry puts

The bousing deficit, estimated by a U.S. finaoced study at 500,000 units for Cairo alone. has become a major political liability. Mr. Cosgrave things tuncel form and other rapid huilding methods are the only As many Egyptian projects solution. He says they are now are Arab funded, the nasty cheaper and faster than the traditional Egyptian techniques, characterised by buge crews pouring concrete from straw sacks. Unfortunately, the Egyptian Government has yet to bit upon an effective mechanism for financing low income dwell-\$10m office block planned for ings. Little mortgage money is late President Nasser left the holldays for Egyptian-foreign Calro's Zamalek district. The available. Credit is parcelled Egyptian building industry allow ventures approved by the some-Saudi decision to liquidate the out through informal systems and by loan sharks.

Through regulatory means the Government is trying to channel private funds into low and medium priced housing, office buildings and three star hotels at the expense of luxury apartments and five star botels. The 1979-83 five-year plan calls

ing in Egypt are cause for some optimism. The U.S. Agency for Development International (USAID) alone is now committing \$500m a year to Egyptian project support. Plagued by poor performance by Egyptian contractors on such projects as the Suez Cement plant, USAID plans to tender more construction to American companies and to seek more American manage ment participation. German officials express parallel intentions for their assistance programme.

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Tourism

Squeezed from two sides

in Cairo was a major feat against per cent). But during a 31 week the challenge of year-round stay in Egypt during July 1 saw occupancy of 98 per cent. This precisely three Arabs and no is still largely true for the deone else, be they Government luxe hotels, but for hoteliers in officials, car drivers, or whoever, the four-star category and under those days are gone.

These botels are now operating at 60 per cent occupancy— the generally acknowledged break-even point—and often below that. Such is their problem that cries for help are going out to travel agents, taxi drivers, airport staff, anyone in an effort to drum up guests.
Egypt's tourist industry is

being squeezed from two directions. On the one side is the economic boycott hy Arah countries opposed to Egypt's peace treaty with Israel. On the other is the hotel building fever which has gripped Egypt, and

Cairo in particular.
Egypt has traditionally been popular holiday location for Arabs, the attraction being its more comfortable climate. common language and more liberal environment with its easinos, nightelubs and other pleasures. Until quite recently Arab tourism to Egypt had been growing at around 15 per cent a year so that Arabs accounted for over 56 per cent of tourists to Egypt and about 70 per cent of tourist

Since 1973 the oil-rich Arabs bave been a lucrative source of husiness and were expected to remain so. But that was before President Sadat's peace negoti-ations with Israel. In the month following his historic visit to Jerusalem there was a 35 per cent drop in the number of Arabs visiting Egypt compared with the previous year. This re-sulted in an 11 per cent drop in Arab tourists in 1977 as a wbole from the 1976 peak when 534.531 Arah tnurists visited Egypt, But still the number of biz-spendlng Saudi Arabian visitors continued to rise sharply—np 32 per cent.

Recovery

Last year there was a further decline of 4 per cent in Arab visitors. Then in the first quarter of this year there was some recovery—a 14.3 per cent rise on the same period of 1978. But April, 1979—the month after the signing of the peace treaty—brought a sharp reversal with a 22 per cent cent. The Arab descriton in the decline on the previous year's peak season is likely to put paid total. This time the number of Saudis, who unlike their fellow Arabs—the Jordanians, Iraqis effect on tourist receipts this come in droves to Egypt, also registered a fall of 33.9 per

July and August form the main season for Arali tourists when Calro's hotels, apartments, car hire companies and tax's overflow with Arabs. There is a long-standing joke in Cairo that during these months the only ebance of picking up a taxi is to sport a kuffiya (Arah bead-

But this summer the kuffyia is noticeable only by its absence. The management at that refuge for Arab tourists in Cairo, the Sberaton Hotel, claims that, in June, Arahs still represented 29.6 per cent of their hotel

A YEAR ago getting a hotel bed guests (against a previous 50 was able to up that score.

In a working paper submitted to the Tokyo Summit outlings the effects of the Arab boycott, the Egyptian Government pre-dicted that tourist proceeds would probably be down by 50 per cent this year. Although expectations are that there will be sharp reduction, this forecast generally regarded as an exaggeration—as is the figure put on total receipts last year of \$1bn. The research and statistics division of the Ministry of Tourism calculates last year's receipts at E£480m (\$685.7m), representing a 10 per cent increase on the 1977 total.

Mr. Moustafa Zeitoun, director general of the division, estimates that receipts may well he up 8 per cent in the current year and anticipates a level of be-tween E£1.2bn (\$1.7bn) and E£1.4bn (\$2bn) by 1983.

His forecasts are based on the fact that Arabs in any case no represent over half Egypt's tourists. Last year when the tourist total was up a per cent (and tourist nights by 12.5 per cent) the Arab share had dropped to 45 per cent. increase in tourists from OECD countries, and the U.S. and Europe in particular, was 14 per cent, which more than made up for the drop in Arab visitors. And the Americans, at least, arc reckoned to be good spenders, alheit not on the Arab scale.

But while it is true that the number of OECD tonrists is continuing to increase it is at a decelerating rate. In addition tourists are staying for shorter periods and generally speeding

In the current year there was a 13.3 per cent increase in tourist arrivals during the first quarter compared with a rise of only 5.0 per cent in the same period last year. But by April this growth rate had fallen back to only 1.8 per cent, while May registered a decline of 2 per cent—though admittedly neither month is in the high tourist season.

So that while the year got off to a relatively good start, the April and May downturn reduced the growth rate over the first five mooths to 7.4 per

At this time of the year it is still too early to assess how adverse the effect will be probably not as great as the Government's prediction to the Tokyo Summit but worse than Mr. Zeitoun envisages-unless there is a surge in OECD tourists in the winter months. their traditional Egyptian scason.

Tourism is the fourth most important item on Egypt's export account, accounting for around 10 per cent of the total after oil, cotton and workers' remittances. It represents over 14 per cent of commodity exports and almost a third of invisibles. Tourism receipls cover 15.5 per cent of the trade deficit and 16.5 per cent of the halance of payments deficit, so that a sustained downturn in the tourist industry would inevitably have a marked effect on the economy and on Egypt's development plans.

The more optimistic Egyptians helieve that the Arab oroblem will resolve itself.
They see Arab individuals returing whatever their Government's official line, while they argue that the attitudes may well soften too.

Compound

But the Arab issue is not Egypt's only problem, though it does compound the other. Under its five year ptan running from 1978 to 1982. Egypt anticipates a virtual doubling in tourists from the 1977 level of 1,003,936 to 2m by 1982-83, although this now seems to have been revised to nearer 1.7m.

intended to increase the num-

ber of hotel rooms by 17,000 according to Mr. Ezzat el Masry, market director-geocral of the Ministry of Tourism's planning department. But be predicts that in practice the number of extra rooms will far exceed this as a result of the current hotel building boom, Ar, el Masry says that if all the new botel projects are completed some 15,000 rooms will be added to Cairo's eapacity alone, almost With or without the Arabs, Egypt undoubtedly has strong double the plan target of 8,500. Over 10,000 of these rooms in Cairo and its environs will be in the five and four star botel eate-

In the past all the de-luxe botcls have been Government owned, usually through EGOTH. the Egyptian General Organisation for Tourism and Hotels, and are managed by foreign com-panies such as Hilton, Sheraton and Meridien, Though EGOTH is continuing to huild new botels in this category many of the projects for hotels ip this category are now being undertaken either as joint ventures with EGOTH or other Government companies ch as MISR Hotels and private investors, while nine projects in Cairo are entirely private invest-

Previously private investment was largely confined to the smaller hotels at the lower end of the market. But investors have now been lured into the top end of the business both by President Sadat's Open door policy and by the outstanding tourism, since it will now have profitability of Egyptian hotels. actively to plan and market its Gross operating profits at 45 per tourist attractions. This is cent of sales are among the highest in the world—the Cairo man Selim. Investments director Sheraton (owned by EGOTH). at the Ministry of Tourism. for instance, is the group's most

profitable botel anywhere. The trouble is that too many have been lured at the same time. Even without the decline probably he too many hotel rooms in the de-luxe class, at least, in Cairo. If the Arabs stay away then the situation will be much worse. In official circles there is some relief that projects may be shelved through lack of investment-either hecause the Arabs are withdrawing their financial supoprt or because others will hold back until they are assured that the present situation is no more than a tem-purary hiecup.

Nost of the big hotels heling

huilt with Arab finance are well under way and are expected to be completed. However, one project yet in be started is the 850-room joint venture Semi-ramis Hotel in Carra, which wilt he Intercontinental's first man-agement participation in Egypt. This is being partially financed by Saudi funds, but although some doubts have been expressed there is no indication To cope with this influx it was so far that this support is being

But at the lower end of the there. have instances where money has run out half way through construction, while in others the construction work as such has been completed but there has been insumelent finance for installing sir conditioning and other services. Several companies are said to be in financial difficul-

The Nile seen from the Coiro Hilton

tourist potential and not just for its bistorical features, which generally attract the more wellheeled and culturally minded American and European visitor. There is considerable scope for attracting the younger and medium income tourist to the medium income tourist to the cultural centres in Cairo, Luxor and Aswan. In addition there is scope—though not yet the facilities on any scale or the infrastructure—for recreational tourism. This would be based on the magnificent beaches and spectacular scenery along the Mediterranean and Red Sea coasts.

But although the potential is ciearly there so too is the danger of attempting too much. too quickly. The limited Govern and trained staff available might hest be used in improving the services and infrastructure of the existing tourist centres.

The loss of the captive Arah market must surely prompt a reappraisal of Egypt's attitude to clearly the view of Mr. Abderah-

Spread One of the problems is that

responsibility for tourism is spread among too many minis-tries so that there is little coordination or central planning. As he rifles through piles of conflicting and out of date doeu-ments and papers, Mr. Selim said he felt strongly that there was an urgent need to establish a central data bank on tourism. In this way, he argued, everything relating to tourism could be continuously monitored so that Egypt could effectively plan and market its tourist in-dustry. He confirmed that the Ministry of Tourism was currently negotiating with a local travel concern to establish a consultancy which would set up such a system and be involved on a day to day hasis in all aspects of Egyptian tourism. Raypt is clearly at a cructal stage in its tourism develop-ment where it has to take steps

to ensure that its rich tourist potential is used effectively to boost its ailing economy and benefit the country as a whole.



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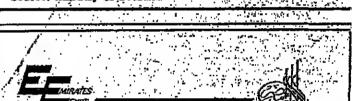
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	1979 January-March 247,822 88,215 April 89,414 21,486 May 77,792 28,507



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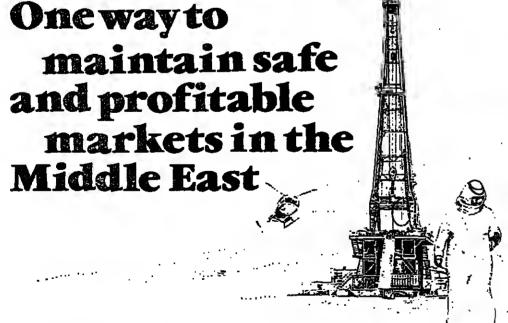
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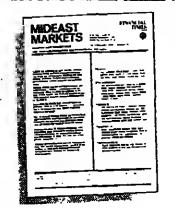
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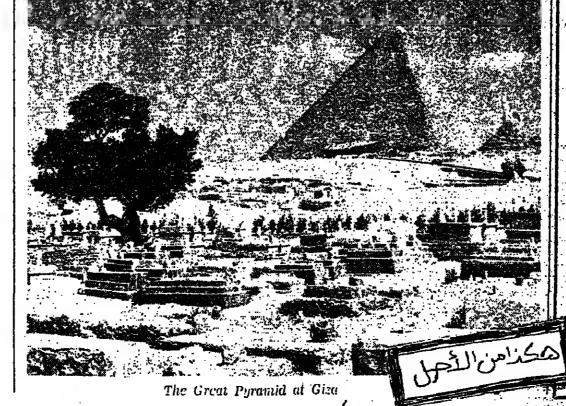
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A truce at holiday time

ITALY might seem the living taker cabinet of Sig. Giulio vindication of laissez-faire gone Andreotti) did, however, interwild to a casual observer. By runsday the country will have ment between management and longest histus ever even by textile, building and other accitaly's extravagant standards, tors. Free, therefore, from the and tastament to the atalemate anxiety of a "hot" actumn of

Sig. Glovanni Agnelli, chair- month of August. man, of Flat and as such the They will join an unpreceding rehead of North Italian dented army of foreign visitors, undeterred by terrorism, vandalism, and fuel shortages, who iring this period central Govintervene in the economy currency tourist in this been totally indifferent year, of over \$60n. its progress. As usual, he set on things had been left in the Bank of Italy, at a time when the international outlook was steadily worsening.

Why not one might ask. Des-pite the increase of the oil price, despite the threatened resion in the U.S., economic growth this year is forecast to reach almost 5 per cent. This agure, incidentally, is higher than that foreseen last January in the celebrated three year plan of Sig. Filippo Maria Pan-dolfi Treasury, Minister, and mice Friday the third Prime Minister Designate in less than month. His plan was an early plus, and the lira outperforms ing, that other improbable cooling down). star). Gold and currency reexceed \$30bn (crowning delight for the he a holding solution, to allow monetary purists), the absence feelings to cool down, and the of a functioning parliament to

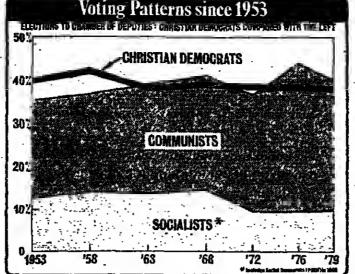
been exactly six months with unions on wage contracts for out a government enjoying a the next three years, covering parliamentary majority. It is the 3m workers in the engineering. which now paralyses its politi- strikes and disruption, all can stream off for the holiday

are expected to endow Italy moent has not merely falled with its largest-ever foreign intervene in the economy, currency tourist income this

Governo-ponte

Only the politicians remain condemned to the summer swelter of Rome as long as it takes them to agree on enough to provide a new government with sufficient votes to survive a confidence debate in parliament. The delicary of the process can he measured by the exotic ter-minology being bandied around. In the old days auch operations were known as installing a governo-ponte or governobalneore, meaning bridging or heach government, while everycasualty of the political crisis, one was at the seaside. The trade balance is respect one Sig. Pandolf, is trying to able, payments are in solid surdubbed di treguo (of truce), di almost every currency in decantazione (of decantation), Europe (except of course, aterl- or even di raffredammento (for

The implication always is the same — that what emerges will Christian Democrats, the largest vote new government spending party, to settle their own promeans that the public sector found internal divisions at their descit, representing up to 15 party congress (which might per cent of GNP, might actually he a night of the long knives) decline this year. This demon-The Government (in the per- strates only too clearly the ex-



Ilaly a Government of any kind. Ungovernability is the joelegant word more and more used, denoting not so much that Governments hardly eovern but that governments can hardly be

The dismal predictions that the General Election in June would settle nothing have erred only if possible on the side of nptimism. President Pertini'a bold choice of Sie. Bettino Craxi. the Socialist leader, to have the second crack (after Sig. Andreotti, the caretaker Christian Democrat Prime Minister) at putting together a majority had the desired effect of making bands-but at the price of differences exacerbating

Relations between Christian son of Sig. Vincenzo Scotti, traordinary contortions which any lasting life. In the ran-really is nogovernable in every Labour Minister in the care- alone seem to be able to offer corous aftermath of Sig. Craxl's sense of the word.

on the prime nunistership, the vacuum. Christian Democrats have reduced, for the time being at least, their chances of beading now with the device of the any "political" Covernment (as opposed to non-political government of experts). By far the biggest of the parties of Government, they remain vital to any adlution. But they are no longer like the Radicals, strengthened blg enough, or liked enough, to in the June election. have impose their own.

It may be that their congress will throw up a new leadersbip the various parties show their much more favourable to the idea of concessions to the Socialists, in which case a new start may become possible. Sig. Pandolf may or may not be able Democrats and Socialists have to arrange the truce. If he does, never been worse than now. Yet it will be because the politicians between the two if it is to have sequences, by proving that Italy

in the two countries, and Is

care, the relative MBA rates

point up the low esteem ln

which management education.

London Business School.

Third London

Sir, - A potentially unjust

omission from the article hy

Michael Donne (July 23) about

the proposed third London air-port is that Langley is really another name for Nuthamp-

stead. The two villages are next

to each other and no more than

two miles apart. Langley/Nut-bampstead has previously been

rejected as unsuitable for the

Regent's Pork, NW1.

airport

Susser Place.

The cynic might ask: so what? end hitterly attacked the inertia Life goes on without noticeable which has thrown away a rare change. Has not Italy been run chance of starting to put the on a hand-to-mouth hasis for economy on a sounder mediumdecades? Are not the effective term footing. parts of the economy mostly those where the Government is such as it was, is already over. conspicuous by its absence? With the autumn there will what about the flourishing substant a new phase, of higher merged economy? Have pro-inflation and sluggish growth. grammes and policies in the giving way to virtual stagnation Anglo-Saxon sense, ever counted next year. Higher prices will for very much? Indeed, is not cast a shadow over Italian comthe politicians' contact with the petitivity abroad. Instead of real life of the country limited doing nothing, the Government to the dispensing of patronage? is likely to face the dilemma

identified with a properly. The seeds of the trouble had planned economy. The rigour been sown before the oil crisis velo by the Christian Democrats, this looks remoter than a "technician") being advanced results to the second of every about bis prospects of success.

Power is the goal of every More important, though, is the political party, but by refusing accumulating evidence of the need to fill the six-month

> In the first place, the political chaos is beginning to catch up Decree Law, long employed by Governments to make executive decisions without at once sub-mitting them to an unpredictable parliament. Smaller groups declared war on them. Without some form of order being restored to Parliament, a growing number of decree laws are likely to lapse after their initial

Inertia

60-day life.

Second, it is doubtful whether assuming the Communists are exhausted, and, for all their even italy, with its trace remain in opposition. Italy's differences, conscious that of supreme economic scrambling eighth post-war parliament must another debacle could have un
(to use the golfing metaphor), predictable and dangerous con-will remain immune from world the product of the suprementation of the supr institute, in a report this week- changes on western countries.

Its message is that the boom,

implicit in his three year pro-gramme is one main doubt (the other being Socialist misgivings Pandolfi's plan covisaged, is ahout any Christian Democrat now running at 14 or 15 per Prime Minister, bowever much a "technician") being advanced year. Labour peace may prove to have been bought at a very high cost: Fiat, the car group in the frontline of the bitterly fought metalworkers' negotiations, estimates that the coetract will push up labour costs by 16 per cent over its three-year life (on top of the effects of the scala mobile wage indexation mechanism). It remains to be seen bow much the commit-

> will reduce the damage. In the meantime many econo-

and great flexibility.
On top of this there are the problems with energy. The delay of the politicians in facing up immediately to changed conditions bas contributed to serious shortages of diesel oil, in particular. Scarcity and the greater economic problems much longer. cost of energy are likely lo Isco, the official forecasting force profound structural

There may be truth in all II has so far been able to avoid: these points. Sig. Pandolfi, of choosing between policies to though, might prove different, support growth, and policies to if given the chance. He is firmly provide external stability.

ments to higher productivity

mists wonder whether the new contract. by reducing working hours and increasing the rigidity of industrial relations, may not give further impetus to the sub-merged clandestine economy. wbose hallmarks are bard work

their hands President Pertini: he made the parties show

which in many cases only governments will be able to

Governments, 100, are being ever more called upon to foster and promote the new high technology iodustries in which advanced economies increasingly will specialise. Changed world economic conditions can only cut into the time available to make these decisions. The sub- Government-any Government

nuclear power, for which there unreal. Italy has an unrivalled appears no reasonable medium gift for muddling through, and term alternative, if a heavy dependence on imported oil is to tricable. Crisis is the most overbe reduced. A scaled down proworked word in the language. be reduced. A scaled down pro-gramme, to provide 8,000 MW But both politically and in econof nuclear energy is bogged down in bureaucratic, enviroomentalist and political morass. Resourceful the clandestine sector may be, but it has yet to show it can put up nuclear power atations on demand.

Even in the blazing beat of midsummer, the papers are full of gloomy talk about blackouts, beating oil shortages and the like for the winter which seems a million years away. But the risks in both cases are demonstrably real.

These are the difficulties to which the politicians point, as they despairingly plead for a merged economy, by its nature, -to be formed-but find reason is he yound the reach of direct official intervention.

For Italy the starkest issue is season it might seem faintly extricating itself from the inexomic terms, the country measures up to the celebrated definition of a crisis by Antonio Gramsci, one of the founders of the Italian Communist Party: when the old is dead, and the

new cannot be horn.

Letters to the Editor

Cuts in public spending

From the Assistant General Secretary, National Union of Public Employees

Sir - Your editorial of July 25 states it was the trade union members who went on strike last winter and voted for Mrs. Thatcher in May" who made public spending an unpopular phrase in the British vocabulary. sideration by your readers?

Economic Development Council

a plot to demolish public
expenditure entitled." Approach
in industrial strategy." Prominent members of the Parlia
mentary Labour Party, the
entire Conservative Party,
influential organisations represented in the monetary benefits received after the strike is over.

Cliff Dillowar.

Higheroft;"

Higheroft;" senting private industry and a Gunhouse Lanc, few trade union leaders joined Bowbridge. the conspiracy with various motives and degrees of enthusiasm; Fleet Street gave its unqualified support.

This strangely assorted ideological coalition not only

After many years of being told—by politicians of all parties—that the post-war Welfare State was the feature which From Mr. R. Beale marked Britain's superiority over less developed nations across the Channel or the Atlantic, the British public became naturally alarmed to discover that, far from being closures resulting from Mr. a rirtue, expenditure on companity services was a sinister sten traverse distriction. They step towards dictatorship. They therefore chose as Prime Minister a person who had Robson chairman of the S.W. demonstrated the value of pritorial choice and the state of the state

where there is a community receplain why the Financial Times and management committees?

now appears to find it impossible to discuss public expenditive without using arguments and two from each smaller hospital management committee without using arguments and two from each larger institute without using arguments and two from each larger institution would do nothing to impropriate to those newspapers pair efficiency of service to appropriate to those newspapers pair efficiency of service to appropriate to those newspapers pair efficiency of service to appropriate to those newspapers pair efficiency of service to of one such holy. I say that the holonous of trade patients: it could even improve July 25, perbaps somebody could now defunct boards of governors who define the balance of trade patients; it could even improve it by eliminating some processing area of female flesh dures. It could mean a saving on page three and circulation of some £2m a year hy the figures?

Bernard Dix. National Union of Public Civic House. Aberdeen Terrace, SE3.

Loans to strikers

recover "loans" made to they learn through experience, strikers. His comments, I suggest that they learn through experience, and thay must not be burdened with work which can effectively terpretation of the expression be done by ward clerks.

PAYE in Samuel Brittan's There is much overlap to be

riginal article: remedied, arising from the aming the hospital service to the The Department of Health biguities of the "Salmon" patients for whom it was an order of the service to the s

pay packet that is recoverable selling off national assets. over to the DHSS.

The DHSS procedures are not cultural land — at Winchester, and indirectly industry and extensively used. They are, Hampshire? commerce, is held in this bowever, essentially similar to the widely used arrangements stated that this scheme is one (Professor) P. G. Moore. under the Attachment of Earnings Act. Professor Prest's letter should not be taken as While I am ill-equipped to chal-indicating that there are difficient to poke lenge such a penetrating politic culties in the mechanics of dark corners. cal analysis, may I present a recovering loans from strikers. B. Spencer, counter proposition for con- after they have returned to Horestock Road, wnrk. The problem of identify- Winchester, Honts. On Guy Fawkes Day 1975 ing dependants with a bread-Denis Healey and Eric Varley winner's employer does not exist presented to their fellow con- if payments are made as loans spirators on the National to strikers. If striking is to be

A barracks at Winchester

Sir,—Seventeen years in voluntary, and unpaid, bospital

invented with the "reorganisi-sation" of the bospital service

but, strangely enough not missed before that disastrous

A complete overhaul of the "Salmon" structure for nursing

staff would also result in more of the latter being available for

the practice of their profession instead of wasting time on

event.

Administration or treatment?

he has returned to work and ties and rate support; it is with- a ratio per million population before he has received his first drawing aid to industry and does not differ very markedly

under this procedure. The Is it aware that the Depart- somewhere close to established regulations require the emment of Environment and the International norms for medical ployer to recover the loan over Ministry of Defence are busy 13 weeks and pay the proceeds planning a new £15m barracks -to be erected on good agri-

> inherited from the previous free-spending Government; Mr. Hegeltine will not yet have had time to poke a stick in all the

education

From the Deputy Principal London Business School Sir. - Professor Higgins' letter July 23 concerning postgraduate studies in manage-ment education draws attention to the recent cut-back in student grants. One dramatic consequence of this is the relatively low impact that such education now has in the British scene. For example, in the United States each year there are roughly 31 MBAs

grossly over-manned administra-

tive staff, which is primarily concerned with bringing together all services and providing the

facilities.
That is where the board of

governors and management com-

mittees came in and until some-

thing similar is reintroduced in

nor the best made of available resources. In mental hospitals,

where there is a community re-

of one such body, I can say without fear of contradiction

that we saw more of the

patients, wards and staff than

any professional administrator

operation of three amalgamated

does today.

Management

ideological coalition not only argued that a reduction in public expenditure was necessary to meet the immediate economic situation; It also raised the borrifying spectre that public expenditure represented a threat to the demo-cratic values of a pluralist social services, public authorises.

(Dr.) T. A. Lloyd Davies. The Old Bakery, Elmdon, Soffron Walden, Essex. A strong

sile of the alroort.

pound From Mr. S. Penwill Sir.—Industry is complaining that the strength of the pound is making exports difficult. Is not the remedy to increase pro-duction and reduce the cost per unit and so compensate; this should be effected by better management, more application to work by the shop floor or alternatively the replacement is of men by machinery. The out their work. Nurses are primarily responsible for nurschoice is these-devaluation an admission of defeat. ing and must not be expected to management suggest to me that perform the duties of already

158, Fenchurch Street, EC3. Using waste

S. W. Penwill,

heat From Mr. T. Brown. each hospital group io place of a remote area bealth authority, efficiency can never be achieved Sir.—It is to be hoped that Mr. Cooper's plea (July 26), for a better understanding of energy logic, will be successful. Until his message is fully implemented in future policy there is much we can do to improve

the utilisation of current facili-In 1973, writing a humoroustechnical article requested by a house magazine, I was surprised to find that if the Atomic Energy Authority had spent 20 years thatching houses instead of huilding nuclear reactors we should have been saving more energy from the improved

As an example of the mentality which guides the "referred in the my than we were that the first year's given expenditure will have operation of these products of the first year's given expenditure will have approximately five times the approximately five times the groups of mental and general energy value if spent on insula-hospitals. I could offer only tion than if spent on power staone comment, viz. that they tions. Tols has not yet heed were remarkable in two res-appreciated, least of all by a STIKETS

instead of wasting time on administration courses which administration courses which do nothing for the patient. Only Sir.—Professor Prest (July 21) quite rightly points out the administrative difficulties of using the PAYE system to recover "loans". made to strikers. His comments, I suggest, arise from a too literal inverse difficulties of the patient on the direct line for administration and nowhere in the construction of more matched to the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion of more matched to the word promotion of more matched to the word promotion need to know what is any of them did the word promotion of more matched to the word promotion need to know what is any of them did the word promotion of more matched to the word promotion need to know what is any of them did the word promotion of more matched to the word promotion need to know what is any of them did the word promotion of more matched to the word promotion need to know what is any of them did the word promotion of more matched to the word promotion need to know what is any of them did the word promotion of more direction she will not only find the word promotion need to know what is any of them did the word promotion of more difficulties of the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promotion need to know what is any of them did the word promoti

she could be a pioneer in restor- emerge hehind the oll OPEC. The Department of Health biguities of the "Salmon" patients for whom it was reduced to approximately two and Social Security already has system. Doctors are responsible for clinical decisions and through procedures for the recovery of for clinical decisions and through loans made to strikers. It is a their medical committee for recovery weybridge, Surrey:

The department of Health biguities of the "Salmon" patients for whom it was reduced to approximately two conceived.

Ronald Beale.

The factor of five could be patients for whom it was reduced to approximately two if the waste heat from power stations were usefully employed. The government's Energy Paper payment made to a striker after questing the necessities to carry Weybridge, Surrey:

No. 9 proposes an R-D pro-The factor of five could be

ing standards and closures hut of a uranium OPEC waiting to

gramme on geothermal heat, houses four miles square. which could eventually be used for greenhouse heating and the food-canning industry. The huge quantities of heat currently rejected from power stations comprise a similar source already

available. If a pilot acheme were operated at Didcot power station it would compensate to some extent for its monstrous destruction of so much of the delicate heauty of the Upper Thames Valley. The waste heat could supply an area of green. Berks.

Imagine what this would mean in terms of saving imported foods. And there would be heat left over for canning some of

the produce.

If successful and repeated at other power stations such a scheme would greatly increase both local and national self-sufficlency in line with oor human and planetary responsibilities. Trevor Brown,

? The Glade,

Pricing policy

From Mr. R. Longworth
Sir.—Mr. R. J. Pearce (July
19) asks why shoc shops sell items at, say, £9.99 inclead of £10. The practice is a very old one, daring back to times when shoes were offered at. say, 3s 11d instead of 4s, and had a very

The second of the second of the second

Another case of take care of the pence, and the pounds will look after themselves! Kenneth Longworth. Shoe shop staff do not work Shoe and Leather News, behind counters but are in close 84-88. Great Eastern Street, EC2.

contact with their customers.

The Victorian retailers who

founded our great multiple busi-

nesses were worried that, unless

an assistant went to the till to

collect the penny change, the money might absent-mindedly

find its way into his own pocket

as he escorted a purchaser to the

door!

This announcement appears as a matter of record only



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Agent

UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F.

June. 1979

Dunbee Combex-Marx recovery will take time

LORD WESTWOOD, chairman of Dunbee Combex-Marx says io his annual report that 1979 is a year of intense internal activity sod will he the first stage of setting the group oo a course eventually to reach and theo to surpass former profit levels." Because of the group's sheer size alone, it will take time for the outcome of current policies to be translated into tangible results, the chairman says.

In view of the increasing international spread of the husiness, it will be proposed at the annual meeting that Coopers and Lybrand he appointed joint auditors with H. W. Fisher and

The report also refers to the resignation of Mr. R. P. Butter on May 14 this year. Subject to fulfilment of certain conditions there will be consideration due to Mr. Butler in respect of loss of office as chief operating officer of Louis Marx and cancellation of his option to acquire 2 per cent of the issued capital of Louis Marx.

Louis Marx and Co. Inc. remains entitled to the services of Mr. Butler in an executive capacity up to April 15, 1980, when his former service agreement with Louis Marx was due

The chairman gives details of some of the projects presently heing considered or actively developed by the Board in the stringent review of all stringent review of all companies both at home and

These include the closure and asle of a larger part of a loss-making factory in Holland and the sale of the Marx Hong Kong factory which will release a capital profit of some £1.1m.

should be in a position to report after all charges including tax of more fully on other actions £13,700 (£51,420). As a result of three years expansion, the group incurred substantial horrowings. While 0.425p final was paid last time.

adequate facilities are available to provide the working capital for further sales growth this year, the Board considered that it was prudent to consider ways of reducing the overall level of

The review takes particular petition. notice of any husiness activity which does not make an adequate return on capital second half of the current year employed or which is unlikely and total profit is expected to be to make a such a return in the near future, the chairman says. figure was £206,000.
For 1978, pre-tax pro6ts of However, Pem Trailers and

Turnover increase

Pre-Tax Profit rises

* Earnings per Share up

compared with £6.43m on turn- duced the bulk of the profits last over of £124.25m against £92.78m. Earnings per share are

stated at 5.8p (24.8p).

As a result of professional revaluations in 1978, a surplus of £3.75m has been transferred to reserves. During this year, the U.S. properties were revalued and the surplus of £1.5m may be considered for inclusion in future years.

Certain directors have waived their entitlements to dividends totalling £102.418 on personal holdings of 1.81m shares hut excepting dividend payments of 0.01p per share.

The halance sheet shows bank overdrafts and loans (secured) of £12.26m (£9.77m). Non-current liabilities (secured) of £19.75m (£9.72m) include hank loans of

£13.36m (£5.79m). There is also compensation to a former director of £17,463. Meeting, Cafe Royal, W, August 20 al 11 am.

AC Cars hit by output difficulties

Surrey hased AC Cars failed to reach its car production targets in the first half of 1978-79. Both profit and sales were lower for the high performance car producer, the interim dividend is cut and a downturn at full-time

Turnover feil from £2.01m to £1.52m and net profit for the six By the time of the half-year months ended March 31, 1979, is statement in October, directors slipped from £48,252 to £38,218

Stated earnings per 5p share were 1.59p (2.07p) and the net interim is 0.14p (0.175p). A In March the company said

that production of its new ME3000 model was well under way but It was still having great difficulty in finding adequate skilled labour due to severe com-

The production problem is likely to persist throughout the second half of the current year down on 1977-78 when the pre-tax

year are expected to make a good contribution in the second six

Attributable surplus emerged at £31,728 (£41,345) and the dividend absorbed £2,800 (£3,500). Comparative figures included nine mooths results for Pem.

Watsham's exceeds £700,000

PROGRESS continued for Watsham's in the year to March 31, 1979, with taxable profit rising £110,452 to a record £701.543 and, as forecast, the dividend is doubled. Sales by the company, which makes specialised products for the optical, telecommunicatlons and industrial safety indus-tries, were up 50 per cent to £3.3m.

A: mid-year profit was ahead from £248,000 to £291,000. With tex for the 12 months taking £193,386 (£164,258) stated earnings per 25p share were 19.62p (17.7p). The net total dividend is raised to 8.1p (4.02845p) by a 4.8p final. Cash, bank halances and investmenta at year end amounted to £1.32m and, including a £16.370 extraordinary gain this time, retained profit emerged at £252,518 (£301,047).

Provincial Laundries upsurge

Pre-tax profits of Provincial Laundries expanded from £32,119 to £121.027 in the six months to June 30, 1979, on higher turn-over of £1.1501, against £615,619. In the last full year, there was a recovery from a £28,800 loss to a £100,026 surplus.

The net interim dividend is lifted from 0.16p to 0.4349p and the directors expect the final to he not less than the interim, making 0.8698p (0.4349p).

Again, no tax is payable. There was a £6,222 extraordinary dehlt last time. Earnings per 5p share are given as 2,32p (0.68p)

Industrial life side expands for London & Manchester

A SUBSTANTIAL increase in new life business in the industrial branch is reported by London and Manchester Assnrance for the first half of 1979. New annual premiums advanced by one-third from £1.79m to £2.39m, with new sums assured being nearly 40 per cent higher

Life business in the ordinary hranch improved only slightly with new annual premiums increasing by 4 per cent from £2.15m to £2.24m. Single premiums, however, were over 50 per cent higher at £363,000 against £237,000. Pension and annuity business was more buoyant with new buoyant with new annual premiums of £611,000, against £487,000, and single premiums of £377,000, against £235,000.

Total premium income received during the first half of this year in the ordinary hranch amounted to £6.97m compared with £6.51m for the first half of 1978. Premium income in the industrial branch boosted by the change in method of paying tax relief advaced by 22 per cent from £7.09m to

Jacksons Bourne End £20,000 higher

A second half downturn of £13,000 in taxable profit in Jackson's Bourne End was not as bad as had been anticipated In mid-March. As a result the group, which moulds and fahricates, fibrehowed etc., was able to show a £20,000 advance to £176,000 for the year to March 31, 1979, continuing the recovery from the £26,000 loss seen in 1976-77.

BOARD MEETINGS

The lattowing companies have notified detes at Board meetings to the Stock Exchange. Such meetings are usually held for the purpose at considering dividends. Official indications are not eveilable as to whether dividends are interims of finals and the sub-divisions shown below are based mainly on leaf year's timetable.

TODAY

Interims Drayton Commercial Invest-ment, Mecdooald Martin Glatitiones, Nortingham Manufacturing, Weber Holdings Fradlow's Stores Hempson Industries, Investment Co., Alfred Preedy, Stavert Zigomele. FUTURE OATES

Interims—
East Lancashire Paper Aug. 2
First Scottleh American Trust Aug. 16
Ford (Mortin) Aug. 17
General Accident Aug. 15
Gebons Budley Sept. 13
Glynwed Aug. 8
Horizon Travel Aug. 8
Horizon Travel Aug. 7
Johnson Group Cleaners Aug. 22
Transport Oevelopment Aug. 16
Finals— Finals—
Allen (W.G.)
County and Bist. Properties...
Geover Tin
M.I. Holdings
Smith Whitworth

Halflime profit had been up from £54,000 to £86,000 but, while fighting off the hid from Dawngrange, Jacksons stated that the second six months had ben hadly affected by disrup-tions and industrial disputes smong principal customers and

suppliers.

Trading results for the first quarter of the current year are hetter than last time but the directors say that the outcome will depend on the general industrial climate.
Sales for 1978-79 were higher
at £4.99m (£4.77m) and the net

dividend is stepped up to 3p

up 18.2% FROM TURNOVER up 153 per cent from £29.36m to £33.85m, profits before tax of Walter Alexander increased 18.2 per cent to £2.76m in the year ended

£2.34m in the previous year. Earnings per share are stated as 30.1p, against 24.6p, and a final dividend of 3.65p lifts the total from 4.85p to 6p. A one-for-one scrip issue is also The directors say that budgets

March 31, 1979, compared with

up a surplus of £1.48m, less about

Alexander

porated in the accounts.

Walter

indicate that the current year will produce improved results from virtually all activities and profits for the first three months of the year confirm this trend. The company made a gain on the sale of its investment in its associated company Transfleet Services of £862,000. The extra-

ordinary item shown in the accounts of £462,000 is the surplus less tax over the consolidated asset value of the holding in the group accounts. During the year, the bolding in Scoteros was increased from 10.2 per cent to 11.6 per cent. Since the end of the year the holding has been further increased to 20.99 per cent which means that Scoteros is now an associated company.

Walter Alexander does not lower tax charge of £64,000 have a Stock Exchange listing. A lower tax charge of £64,000 have a Stock Exchange listing, (£79,000) left the net halance at it has interests in coach building, £112,000 (£78,000). A revaluation other transport related activities

Wellman gives logic of IHBD purchase

BY RAYMOND MAUGHAN

ing Corporation has forecast that its own profits for the six months to September 30 will The estimate of IHBD's contribution, should the deal gain shareholders' approval at an greater of extraordinary meeting, is cal dependent culated after deducting interest exchange. of \$620,000 on borrowings for working capital and on funds borrowed for the acquisition and

interest of £190.000 forgone on the funds used to subscribe the equity capital of Wellman Inc.
IHBD is described as a "natural partner for Wellman in furnace technology" The U.S. company has averaged pre-tax profits of 52.2m over the last five years and Wellman is "satis-aid" that losses of \$866,000 ore-tax last year stem mainly from

the failure of a new product line (since discontinued). The purchase urice, subject to adjustment, will he approximately £5.17m, \$12m, of which \$400,000 is attributable to goodwill and \$5.3m is included in respect of stocks end work-in-progress which will be valued as at August 13. Although General, profits of its subsidiary, it has acreed that the consideration; will be cut by \$250,000 in the event that profits before interes and tax do not exceed \$3.50 for the forecast 33-week nertod.
Wellman has sereed to finance

the deal by subscribing S5m (CO 18m) for equity capital of its evisting T.S. offshoot, Wellman Inc., from it sown resh resources, of around \$2.5m Additionally, 2, \$5.5m Invest Industrial Resente and will provide for capital repayment by enact installed at a rate of 77 per cent and will provide for capital repayment by enact installed. over the last R! years of the. Bond. A \$4m overdreft facility cerrying a 1 per cent interest rate premium over the bank's prime rate for a period of 12 months has also been arranged. The Wellman Board, beaded "cleaning the decks" to by Mr. A. C. N. Hopkins, is iovestment programme.

IN THE formal defence docu- "conscious that the borrowing, ment rejecting the £7.3m cash limit in the Articles (of Association for from Redman Heenan tion) is out of line with modern International, Wellman Engineer practice." Borrowings Sunder taken to finance the acquisition will require the sauction of a general meeting to which it months to September 30 will general meeting to which reach at least £500,000 and would be proposed to lift the those of the proposed purchase from General Electric, IHBD, the issued capital and reserves will amount to £450,000 after which currently stand at £500,000 after which currently stand at £500,000 and would permit borrowings of the 33 weeks to March 31, 1280. sauction debts of the presenting permitted amount plus the greater of \$10.5m or \$4.5m. dependent on the rate of

The extraordinary general neeting will be held on August

which closes a week earlier, is said to be put forward as affi-alternative to the HBD acculation. Wellman believes this is a very poor afternative which tooks only to the past and notive to the future."
Wellman's profits last year felling from £1.55m pre-tax to £1.03m hat this is described as a "single-unrepresentative year in which there was a pause in growth"...

Bridgewater Trust in TV rental deal

The ordinary shares of Bridge ater Investment Trust have been suspended at the director's request. This followed proposals to acquire two television rental ...

- Bridgewater has entered into a contract to acquire Ascot TV-Rentals and Concorde TV-Rentals for £35,000 cash and the issue of np to 6.25m ordinary

The share issue is to be determined in accordance with a formula based on profits and net... asset values over the period to... March 31, 1981.

At present the company has om shares in issue. It is anne investment trust but since a take over in June last year the new board has described its policy as clearing the decks for a new increasing the decks.

Metal Box improving after sluggish start to current year

luggishly at Metal Box following the poor performance in the second half of 1978-79. However recently both sales and profits had improved and the company maich last year's good first-half performance, Sir Alex Page, the chairman, told the acoual.

He also revealed that In May the group had expanded its American interests with the acquisition of Simplimatic, supplier of machinery and equipment to the food and drinks industry. The deal involved an industry. The deal involved an initial payment of SSm plus a percentage on sales for five years, likely to add a further S3m.

(210,725)—the thrift of 1977-78 was 2.32p paid from profits of £452,000.

Earnings per share are down to 1.26p (1.91p).

At home the group's packaging husiness was holding its own, the central heating husiness was going from strength to streogth and overseas results had been very encouraging he said.

Midway fall for Plastic Constructions

Although turnover increased in the six months ending March 31, 1979, to £5,617,000 (£4,471,000) for Plastic Constructions, taxable profits was down to £124,103 compared with £187,937 for the

same period last year.

Mr. H. Aron, chairman, says
the decline in profits was the result of industrial problems during last winter, coupled with lower margins on some merchanting lines.

In view of this, the Acrylic be well placed to adjust to any product line, which contributed change in the pattern of busito the downfall of the merchantiog side of the husiness, was sold in May, 1979, for a total con-sideration of £1,035,000. Mr. Aron says he is expecting to see an improvement in the second half which will partly reflect the disposal of these assets,

The fahrication order hook continues to be healthy. The interim dividend is np of £11,715 (£10,726)—the total

Giltspur first

quarter ahead of forecast

Trading profits of Giltspur, the industrial services group, were abead of forecast in the first quarter of the current financial year, Mr. Maxwell Joseph, the chairman, told shareholders at the annual meeting.

The Expo companies bad continued demand for their services, particularly in the UK. The dis-play company, Marler Haley, con-doued to increase its sales revenue both at home and abroad and additional premises bad been acquired to expand capacity.

The process of reorganising the group's motor interests continued, so that the group could

Loss at

Dredging from 0.76p to 0.836p absorbing AFTER THE first half recovery \$27,796 (£25,183) after waivers and a confident outlook, the and a confident outlook, the British Dredging Company In-curred a pre-tax loss of £13,910 at the end of 1978 compared with a deficit of £313,422 previously.

The first six months had seen £153,000 to a £94,000 pre-tax profit.

The year's loss is after excep

tional credits of £156,545 com-pared with £473,200. Net toss is £93,849 (£310,761 hefore minorities of £27,384) hut after extraordinary credits of £695,950 (£84,734 debit) a profit balance of £602,301 is struck compared with losses of £368,111 previously. Basic loss per share after tax but before extraordinary items is 0.83p against 2.53p. Again there is no dividend—the 1976 payment was a single 0.3p.

Turnover amounted to £13.53m, compared with £15.84m. The exceptional items included £165,000 (£83.000) reduction in provision made in previous years respect of the group's interest in certain overseas and UK sub-sidiary and associated companies and £162,800 (£390,200) temporary employment subsidy.

Pentos steps up dividend forecast in Caplan bid Pentos has increased its fore amounces that all of its Ferri

document for Caplan Profile sobsidiary Airco Alloys AB and French Group.

the Pentos offer and electing to receive Pentos ordinary shares will be entitled to receive these dividends, giving an increase in gross annual income of approxi-mately 69 per cent over Caplan's actual payment for 1978 and 18 per cent over Caplan's own fore:

cast payment for 1979.
Pentos has received agree. ments for acceptance of the offer of over 50 per cent.

The Pentos extraordinary general meeting to approve the necessary increase in the Pentos

share capital for the purposes of the offer is called for August 14 and the offer closes on August

BOC/AIRCO Airco Inc., a wholly-owned sub-sidiary of BOC International;

cast of dividends for its year to alloys operations have been December 31, 1979, to 5.75p divested with the completion of gross (4.025p net). The group the sale of the final remaining, reveals the details in its offer segment, the company's Swedish

ERSKINE HOUSE

National Car Parks has pur will chased a further 125,000 sharesr in Erskine House Investments-hringing its total stake to 430,000 shares, 13.6 per cent of the

Service

The following securities have en added to the Share Information service appearing in the Financial Times

Alrwood Machine Tools (Section: Engineering Mitsublishi
Electric Corporation (Overseas a. . . .



African Development Bank

U.S. \$40,000,000 Floating Rate Notes due 1983

For the six months 30th July, 1979 to 30th January, 1980

In accordance with the provisions of the Note; notice is hereby given that the rate of interest hes been fixed at 11½ per cent and that the interest payable on the relevant interest payment date, 30th January, 1980 against Coupon No. 3 will be U.S. \$58.78.

By: Morgan Guaranty Trust Company of New York, London Agent Ban

The Bank of Tokyo, Ltd.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series A Maturity date 30 July 1980



In accordance with the provisions of the Certificates of Deposit notice is herebygiven that for the six month interest period from 30 July 1979 to 30 January 1980 the Certificates will carry an Interest Rate of 111/2% per annum.

Agent Bank The Chase Manhattan Bank, N.A. London



This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

The British Computer Systems and Software Company

25% to £6.27m

62% to £ .54m

27p

M.J. de R. Richardson, Chairman.

Computer Technology Limited,

Eaton Road, Hemei Hempstead,

Hertfordshire, HP2 7LB.

For a copy of the full report write to:

59% to

The Secretary,

"We are optimistic about the future of Computer Technology...... this is the

time to make a significant investment in marketing and product development."

Kingdom of Sweden

U.S. \$100,000,000

9² per cent. Notes due 1984

Issue Price 994 per cent.

The following have agreed to subscribe of procure subscribers for the Notes:

Salomon Brothers International

S. G. Warburg & Co. Ltd. Banque de Paris et des Pays-Bas

Dresdner Bank Aktiengesellschaft

Orion Bank Limited Svenska Handelsbanken

Post- och Kreditbanken. Skandinaviska Enskilda PKbanken. Banken

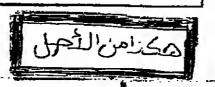
The 20,000 Notes of \$5,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the Notes. Interest is payable annually on 15th August, the first such payment being due on 15th August, 1980.

Particulars of the Notes are available from Extel Statistical Services Limited and may be obtained during normal business hours up to and including 15th August, 1979 from :—

Rowe & Pitman, 1st Floor, City-Gate House, 39-45 Finsbury Squate, London EC2A IJA

Strauss Turnbull & Co., 3 Moorgate Place, London EC2R 6HR

30th July, 1979.



30th July, 1979

This edvertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation

US \$150,000,000

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

FLOATING RATE NOTES DUE 1993

For the six months 30th July, 1979 to 30th January, 1980

In accordance with the provisions of the Notes,

notice is hereby given that the rate of interest has been fixed at 112 per cent and that the interest

payable on the relevant interest payment date. 30th

January 1980 against Coupon No. 3 will be U.S.\$58-14.

Agent Bank Morgan Guaranty Trust Company of New York, London

STONEHILL HOLDINGS

(Incorporated in England under the Companies Act 1948)

Issue of 800,000 10.5 per cent Cumulative Preference Shares of £1 each

The Council of The Stock Exchange has granted a listing for the above-mentioned Preference Shares. Particulars of the rights attaching to them are available in the Extel Statistical Service and copies of the statistical card may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 13th August, 1979 from:

> Joseph Sebag & Co., 3, Queen Victoria Street, London EC4N 80X.

PENDING DIVS.

RECENT ISSUES

Exxon bid restrained by court

By John Wyles in New York THE Federal Trade Commission

won the first round at the week-end in its bid to block Exxon Córporation's \$1.17bn takeover of Reliance Electric Company.
After heaving the FIC's application for a temporary restraining order on Friday.

Washington DC District Court Judge Harold H. Greene made a ruling on Saturday preventing Emon from purchasing for at least 10 days the 95 per cent of Reliance's outstanding stock tendered for its \$72 per share

H Judge Green had turned down the FTC, then Exxon would have been free to purchase this stock from midnight chase this stock from midnight on Saturday. Now, however, the country's largest oil company and the FIC will join issue in hearings starting in a jew days on the Government's application for a preliminary injunction for a preliminary injunction against the takeover. It is unlikely that the temporary barrier to the merger will be lifted until these hearings are completed and a decision issued.

The FTC says that by not

entering the established mar-ter for variable speed controls and instead acquiring a comcent of that market Exxon is effectively reducing competition and violating anti trust laws.

Profits rise at Woolworths

By Jim jones in Johannesburg

SOUTH AFRICAN retail chain Woolworths reports a 13.9 per cent turnover increase to R170m for the 53 weeks to May 31, 1979. At the pre-tax level, income was R25.5m (\$30.3m), a rise of 9 per cent on the 52 weeks of the previous financial

Woolworths was among the few retail chains which expressed disappointment last Christmas's sales. Also, having stocked up heavily in anticipation of booming sales

ahead of the introduction of the 4 per cont general salea tag: Woolworths was forced into some ruthless markdowns

Alfa Romeo not up for sale

with whom to cooperate to

make easier the economies of

scale required by a low

Alfa Romeo president, categorically denied that the

company might change hands.

Meanwhile Fiat, Italy's higgest motor group, dismissed any suggestion that talks with Alfa Remeo had

However, the very agitation

created by the "misunder-standing" of Sig. Sette's views

indicate the uncertainty over

The chairman will continue

to be Mr. A. Schmiegelow,

who is Privatbanken's manag-

ing director. Sir Norman Biggs will rejoin the board as deputy

chairman. Mr. A. A. Wiessmueller continues as the UIB managing director.

Privatbanken now becomes

the first Danish bank to bave

its own full banking subsidiary

in London. Other Danish hanks

generally have interests in the

various consortia hanks in London, such as Nordic Bank,

Scandinavian Bank and London

discount rate was nearly two years ago, but the present 91 Krus per cent is getting further ont of New

line with money market rates, while several major French

banks raised their prime rates

last week.
London interest rates remain

even higher than the rest of Europe and with no prospect of an early cut in Bank of England

Minimum Lending Rate from 14 per cent, there appears to be little hope of relief for the dollar

THE POUND SPOT AND FORWARD

in the near future.

July 27

Argentino Peso... Australie Doller... Srazii Grüzelro... Finland Markka... Greek Drachras... Hong Kong Dollar Iran Rial... Kuwait. Birnar KD

OTHER MARKETS

& Continental Bankers.

Sig. Ettore Massacesi, the

volume manufacturer.

taken place.

INTITIL. COMPANIES and FINANCE

BY RUPERT CORNWELL IN ROME

A FLURRY of denials has greeted reports here that Alfa Romeo, Italy's publicly owned second largest motor manufac-turer, might shortly be sold off to Flat or a foreign car

group.
The denials issued by both Alfa Romeo and Finmeccanica, its holding company parent, were prompted by a magazine interview with Sig. Pietro Sette, the president of IM, the state conglomerate which controls both Finmeecanica

and the car manufacturer.
Sig. Sette reportedly suggested that Alfa Romeo, which is in substantial deficit, was " up for suction " and that some decision might be taken within a few months. But his remarks were later clarified to mean that the car

BY JOHN EVANS

International Bank (UIB), the London-based consortium bank, in a deal worth £12.9m (\$29,8m).

The takover is aimed at streng-

thening the Danish bank's loternational network, according to a statement this weekend.

Privatbanken is nne of ten

international banks which own

equal shares in UIB. . The

other shareholders, which will

sell their interests to Privat-

banken, are: Banco de Bilbas,

Bank Mees and Hope, Banque

Francaise du Commerce Exte-

rieur, Bayerische Hypotheken-und Wechsel-Bank, Credit dn

Nord, Crocker National Bank,

PKhanken, Bank of Nova Scotia,

the future of Alfa Romeo, which employs 40,000 people, manufacturing some 200,000 vehicles a year.

Privatbanken to buy out

other UIB shareholders

PRIVATBANKEN, one of Denmark's leading commercial £4m is represented by subbanks, is to acquire United ordinated loans.

stake in **National** company was merely confirming the search for partners

75.9 per cent.
Most of TXIA's sbares in
National were purchased last

Sharp advance

While this acquisition will and Williams and Glyn's Bank. further Privathenken's over-Privathanken is acquiring seas expansion, some other UIB UIB's total capital at the net shareholders have found that asset value of £12.9m, subject, the concept of participating in to all the necessary spprovals a consortium bank as part of being obtained. ...: their own international activity
UIB had a balance sheet total has become less important in
of £247.9m at June 30 this year. the last few years. from \$906m to \$1.2bm.

Pan Am **buys TXIA**

By Our New York Staff

TEXAS International Airlines has decided to bow out of the battle to acquire National Airlines and to sell its 24 per cent holding in the Miami-based carrier to Pan American World Airways.

After its open market pur-chases lest week, Pao Am now owns 51.4 per cent of National stock and this will be increased to 60.6 per cent following the immediate purchase of 790,000 of the 2.1m block owned hy TXIA. In addition, Pan Am will pay TXIA \$3m for the right to buy the remaining 1.3m shares hy March 1 next year providing the Civil Aeronautica Board's preliminary approval of its merger with National ia endorsed by President Carter. The balancing purchase would raise its holding in National to 75 9 per each

year at an average price of \$28.20. Pan Am will pay \$50 per sbare — which means that TXIA will make a capital gain nn the sale of more than \$45m sxcluding carrying costs and the \$3m option fee. Mr. Frank Lorenzo, TXLA's president, seid on Saturday that in view of the CAB'a approval for a Pan Am-National merger and that National'a shareholders had supported Pan Am, further pursuit of our acquisition efforts would not be in nur best interest.

at Kennecott

THE LARGEST copper producer in the U.S., Kennecott Copper, turned in net earnings for the second quarter of \$1 per share compared with 10 cents

a share last time. Net income for the quarter reached \$33,28m against \$3,41m last year, nn sales abead from \$478.2m to \$628m. For the first half. Kennecott's net income rose from \$8.68m or 26 cents a share to \$54.46m or \$1.64 a Six-month vales rose

July 87 | July 86

£131.8-152.5; £131.3-131.8)

Gold Bullion time ounces

Gold Coins, Internationally

ror ane convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published.

, Oato	Announce- ment last year	Date	Announce- ment last
-AcrowAug. 7	Final 1.554	Wischeson A	Year
ASSOC.	100	WrightsonAug. 31 Mills end	int. 3.5953
OziriesAug. 23 Ault and	Final 0.418	*Morgen 1ntAeg. 31	Final 5
· WibergAug. 9	Int. 0.72	CracibleSept. 6	Int. 3.653
ProductsAug. 8	Int. 0.75	TransportAug. 22	Int. 3,9192
*aiccScpt. 4	Int. 2.5	PyoAug. 18	Int. 1.225
Barrow		RaybeckJuly 12	Final 2,3512
HepburnAug. 16	Int nil	*RentokilAug. 2	Int. 0.72
SBA Group Aug. 31	Int. 0,8777	Royal IneceAug. 17	Int. 7,272
*Bibby (J.) Aug. &	Int. 3.0	Security	1115. 1.212
Stue Circle Aug. 24	Int. 3.22	ServicesAug. 10	Int. 1.25
British .		Sedgwick	
AluminiumAug. 18	int 29.851	ForbesAug. 24	int 40
Carriegton		Shell	
ViyellaAug. 9	Int. 0.67	TrensportAug. 1	int, due
"City OfficesJuly 31	int. 0.86	Slough	
*Comben GpAug. 8	lnt 2p	Smith and	lnt. 1
UnionAug. 14	Int. 2.863.	NaphewAug. 15	Final 0.9105
CorahAug. 17	Int, O.S	Staffex IntlJuly 28	Final nil
Oixons Photo. Aug. 2	Final 1.51	*Staveley	
EvadeAug. 17	Int. 0.3629	IndsAug. 1	Finel S.97
Fairclough		*StenkouseAug. 23	Int. 1.825
Coos Aug. 29	Int. 1.5	Sunley (8.)Aug. 8	Finel 2.7
*Gcnerel		*Taylor	
AccidentAug. 15	Int 4.125	WoodrowJuly 31	lm. 2.01
OudleySoot. 13	In1, 0.74326	OzvelopmtAug. 15	Int. 1.25
*OlynwadAug. 8	Int. 2.45	*Tube InvsAug. 15	Int. 10.975
*GrindlayaJuly 31	Int. 1	*Union CorpnAug. 29 *Utd. Comintons	Int. 15 cents
Trust Aug. 7	Final 1.37	TrustAug. 8	Final cul
Hoffnung.			. Inz. 1.9955
(S.)Aug. 25	Finel 2.8142	*VosperAug. 1	Int. 2.5
*Hoover Aug. 2	Inz. 5.81	*Ward and	
HSe. OI.		GoldstonsAug. 3	Final 3.672
FraserAug. 24	Int. 1.8865	Weir Group Aug. 30	Int. 1.8634
*[M] Aug. 28	Inr. 1.675	*Woolworth	1 775
Ledbroks Aug. 29	Int. 3,8	(F. W.)Aug. 15	1-440 A Pil-ba
Laing (J.) Aug. 31	Int. 1	* Board meeting intim	ated. † Right
"Lex Service . July 37 Matthews	Int. 1.2	laque sinca made. \$ Tal	s iree. § Scri

BASE LENDING RATES

A.B.N. Bank 14 %	Hambros Bank 14 %
Allied Irish Banks Ltd. 14 %	Hambros Bank 14 %
Amen Book Dates Ditt. 14 70	C. Hoare & Co
Amro Bank 14 %	
American Express Bk. 14 %	Julian S. Hodge 15 %
A P Bank Lid 14 %	Hoogkong & Shanghai 14 %
Henry Ansbacher 14 %	Industrial Bk. of Scot. 141%
Associates Cap. Corp 14 %	Keyser Ullmann 14 %
Banco de Bilbao 14 %	Knowsley & Co. Ltd 151%
Bank of Credit & Cmce, 14 %	Lloyds Bank 14 %
Bank of Cyprus 14 %	Loodon Mercantile 14 %
Dank of Nictit	Edward Manson & Co. 15 %
Bank of N.S.W, 14 %	Edward Manson & Co. 15 %
Banque Belge Ltd 14 %	Midland Bank 14 %
Banque du Rhone et de	Samuel Mantagu 14 %
ld Tamise S.A 141%	Morgao Grenfell 14 %
Barclays Benk 14 %	National Westminster 14 %
Bremar Holdings Lld. 15 %	Norwich General Trust 14 %
Brit. Bank of Mid. East 14 %	P. S. Refson & Co 14 %
Brown Shipley 14 %	Rossoninster 14 %
Brown Shipley 14 % Canada Perm't Trust 14 %	Ryl. Bk. Canada (Ldn.) 14 %
Cayzer Ltd 14 %	Schlesinger Limited 14 %
	E. S. Schwah 15 %
	Security Trust Co. Lld. 15 %
Charterhouse Japhet 14 %	
Choniarions 14 %	Shenley Trust 16 %
C. E. Coates 14 %	Standard Chartered 14 %
Coosolidated Credits 14 %	Trade Dev. Bank 14 %
Co-operative Bank*14 %	Trustee Savinga Baok 14 %
Corinthian Secs 14 %	Trustee Savinga Baok 14 % Twentieth Century Bk. 15 %
Credit Lyonnais 14 %	United Bank of Kuwait 14 %
The Cyprus Popular Bk. 14 %	Whitesway Laidlew 141%
Duncan Lawrie 14 %	Williams & Glyn's 14 %
Eagil Trust 14 %	Yorkshire Bank 14 %
Finallah Transport	Members of the Accepting Houses
English Transcont 14 %	Committee.
First Nat. Fig. Corp 151%	7-day deposits 112%. 1-month
First Nat. Sees. Ltd 151%	dengerts 113-54.
Antony Glbhs 14 %	† 7-day deposits on sums of £10,000
Greyhnund Guaranty 14 %	and under 11½%, up to £25,000 12% and over £25,000 12%%.
Grindlays Baok\$14 %	12% and over £25,000 124%.
Guinness Mahoo 14 %	§ Oemend deposits 112.

INSURANCE BASE RATES

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Corphill, London EC3V 3PB. Tel. 01-623 6314. Index Guide as at July 26, 1979
Capital Fixed Interest Portfolio

EQUITIES

FIXED INTEREST STOCKS

Issue &	Am unt	Catest Rehuno Date		79 Low	Stock	Olosin Prios	+
791 100 1961 ₂ 100 100 100 67 798	F.P. E10 F.P. F.P. NII E10 E10	27/7	87 1014 113, 115 102 102 983,	864 93 113 1074 87 100 981 9191	Aurora 64 Conv. Cum. Pref	112 87 1011•	

"RIGHTS" OFFERS

ue Ce	Am'unt Pald up	Renu	Inc.	1979		Stock	Closin prios p‡	+ or
ce	< -	•	``■. '	High	Low		1	
255534 55500550785055505550	NI F.P. NI P.	18/7 5/7 18/7 80/7 87/7	10/8 24/6 10/8 5/8 7/9 10/8 88/8 24/8 24/8 10/8 20/8	40 90 53 11pm 42m 223 158 19pm 146 71pm 50 101 208 114 110 129 138	561s 82 55 194 pm 5 pm 209 125 17 pm 181 60 pm 4712 1823 106 NII 110 125	Bank of New South Wales. Causton Sir (J.) Century Oils Combined English Stores Control Securities. Edinburgh & Gen Elliott (B.) Geavor Tin Gold berg IA). Srand Metropolitan Hanson Trust. Harpreaves. Highland Dist Hott Lloyd inti Inti. Timber McCorquodale Ovenstone Sound Diffusion Style Shoes. USM	87 68 11pm 4pm 215 150 19pm 141 61pm 48 98 204 108 107 Nii	-1 +12 -1 -1 -2 -2 -5
Ź	F.P.	80/7 18/7		664 110	60 94	W.G.I		

Ranunciation data usually leat day for dealing Irea of atamp duty. b Figures based on prospectus estimate. 9 Assumed dividend and yield. 2 Forecast dividend: sover based on previous year's asmings. F Olvidend and yield based on prospectus or other official estimates for 1979: Q Gross. T Figures assumed. Cover sllows for conversion of aberes not now renking for dividend or renking only for restricted dividends. § Piccing price to gublic. 2‡ Pence unless otherwise indicated. § Issued by tender. If fiftered is holders of ordinary sheres as a "rights." * Issued by way of capitalisation. §§ Reintrodución. ☐ Issued to connection with reorganisation, merger or takeover. [ii] Introduction. ☐ Issued to lormer preletence holders. If Allotment letters (or fully-paid). © Provisional or pertly-paid allotment letters. ★ With warrants. †† Unlieted security. ‡‡ Issued as units comprising 2 (ncome shares and 10 Capital shares at 125p per unit.

Public Works Loan Board rates

Effective from July 21

	Quota		at		loans A‡	A* repaid of maturity§
Years	by EIP†	A‡	maturity§	by EiPt	A	marmitra
p tn 5	124	121	121	13 દ	13}	13+
ver 5, up to 10	124	12 [124	131	13}	131
ver 10. np tn 15	123	121	127	131	131	134
ver 15, up tn 25	127	127	121	131	13}	134
vėr 25	124	123	123	·13‡	131	131

quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal balf-yearly payments to include principal and interest). § With half-yearly payments of interest only.

* Non-mora loans B are 1 per cent higher in each case than non

LG. Index Limited 01-351 3466 Three month Tin 6465-6525 29 Lamont Road, Loudon SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the small investor.

\$305.40 \$255.505.4 \$255.505.40 \$255.40 \$255.40 \$255.80 \$305.80 \$305.80 \$305.80 Central bank support pushed Apart from this, the market including three upward adjustup the dollar against most remains very nervous, and ments to the discount rate, currencies last week. The sceptical about President which now stands at 9 per ceot. (£151.838) (£130.887) The last change in the French

US \$50,000,000

Gould International Finance N.V.

934% Guaranteed Notes due 1985

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by

Gould Inc.



Kidder, Peabody International

Banque de Paris et des Pays-Bas Banque Bruxelles Lambert S.A.

Credit Suisse First Boston

Commerzbank Deutsche Bank

Annual Interest

Swiss Bank Corporation (Overseas)

County Bank

Union Bank of Switzerland (Securities)

FINANCE FOR INDUSTRY TERM DEPOSITS Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 3.8.79.

Terms (years) 3 Interest % 12 12 12 12 12 12 12 12 12 12 Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 SXP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC

13,986

SIMCO MÔNEY FUNDS Saturn Investment . Manusement Co. Ltd. 66 CANNON STREET EC4N 6A Ç

Rates paid to W/E 29th July 1979 Call % pa. 13.794 13.834-13.910 14.075 14.069 Tues.

13,911

Thurs.

		· .	
LOCAL	AUTHORITY	BOND	TABL

Authority	gross	p ay -		
(telephone number the parentheses)		able	sun.	bond
	%		£	Year
	-	l-year	250	3-5
		i-year	250	6-10
	_] -year	200	4-5
Redbridge (01-478 3020)	121	<u>i</u> -year	200	6-7
			•	
	(telephone number in parentheses) Barnsley (0226 203232) Barnsley (0226 203232) Redbridge (01478 3020)	(telephone number in interest parentheses)	(telephone number in interest able parentheses) % Barnsley (0226 203232)	(telephone number in interest able sum parentheses) % £ Barnsley (0226 203232) 12 i-year 250 Barnsley (0226 203232) 12i i-year 250 Redbridge (01-478 3020) 11i i-year 200

up dividend CURRENCIES, MONEY and GOLD Dollar on shaky ground

Trust in II

BY-COLIN MILLHAM

T Share

Hopment Bank

*, a tas due 1993

which not only continued to rise against the dollar, but was at its highest in terms of major autencies for almost four years. The vunderlying sentiment stroughing the U.S. currency was much less favourable than the bald figures suggest however. The only good news to come out of Washington last week, as far of the foreign exchange market was concerned was the nomina-tion of Mr. Pani Volcker as dialrman of the Federal Reserve

CURRENCY RATES

July 27	Bank rate	Special Drawing Rights	Europear Currency Unit
Mirilog D.S. S. Charlian S. Shiria Sch. Baiglan P. Baiglan K. Luherk Guidar Francis Pr. Iria. Tap	11.4 20.5 8.8 8.8	0.565580 1.30835 1.55058 17.4697 38.0959 6.83513 2.87960 8.61670 5.53825 1068.59	0.601616 1.89665 1.63864 18.6455 40.6689 7.22609 2.58981 2.79274 5.91271 1140.71 200.419
Twgt: K	7	6.5555N 86.8129	7,00858 82,5280

also doubts about the Adminiatration's resolve to fight inflation ahead of the 1980 Presidential election A further rise in U.S. interest rates, including the possibility of an increase in the record 10 per cent discount rate cannot be ruled out, especially since the per cent rise in the rate on July 20 was quickly countered by an increase in Canada's discount rate by a similar amount

Carter's chances of wroning approval in Congress for his

energy programme.

count rate by a similar amount to 111 per cent, and a jump in Japan's discount rate to 51 per ceot from 41 per cent. Interest rates elsewhere in the

Interest rates elsewhers in the world have shown a similar trend. The West German Bundesbank increased its discount rate by 1 per cent to 5 per cent on July 13, with the Netherland's discount rate moving up to 8 per cent from 71 per cent on the same day.

The weakness of the Belgian franc in the European Manetary System has prompted four increases in Belgium's key lending rates since early May.

1	HE DOL	LAR SP	OT AND	FOH	WARU	
y 27	Day's spread	Close	One month	% p.a.	Three months	p.e.
and t	2.9700-2.3300 2.0630-2.0730	2.3140-2.3150 2.0650-2.0680	tl.53-0,43c pm 1.20-0.90c pm	6.10	1.72-1.62 pm 3.40-3.10 pm 0.12-0.09 pm	2.89 8.25 0.49
bind.	85,45-85.75 1,8980-2,0030 28,05-29,15	85.47-85.50 2.0005-2.0025 29.10-23.13	per-0,02c dis 0,54-0,47c pm 1-3c dis	3.00 -1.21	0,90-0.83 pm 5-8 dis	1.73 0.83
onark Get	5.2235-6.2370 7.8165-1,8218 - 48.40-48.70	5.2245-5.2260 1,8195-1.8205 48,50-48,55	1.00-1.50ore dis 0.93-0.83pf pm 35-45c dis	5.86 -2.89	2.12-2.02 pm 90-130 dis	-8.45
din — birny	66.30-66.65 816.10-817.00 6.0175-5.0210	68.45-66.55 816.20-818.70 5.0185-5.0195	3.50-4.00 fire dis 1.50-1.00cre pro	-5.51 2.39	11,50-13 dis 2,50-2,00 pm	-19.55 -8.00 1.79
ince leden	4.2305-4.2396 4.1850-4.1940	4,2365-4,2385 4,1860-4,1870	0,20-0,35c dis 0,40-0,60ore dis 1,10-0,95gro pm	-1.43	1.50-1.70dia 2,00-2.20dia 2.85-2.70 pm	-1.51 -2.01 5.15
Min Wria Mz.	_215.00-218.00 _13.25-13.37 _1.8405-1.6435 -	215.30-215.50 13.35-13.36 ¹ 2 1,6420-1.6430	1.50-1.45c pm	4.89	12-10.50 pm 4.01-3.96 pm	2.37 9.69

16.20-678.70 3.50-4.00 fire db	-5.51 11.50-13 dts -8.00
0785-5.0795 1.50-1.00 or po	2.39 2.50-2.00 pm 1.76
2385-4.2385 0.20-0.35c db	-0.85 1.50-1.70dts -1.51
1.860-4.1870 0.40-0.50 or db	-1.43 2.00-2.20din -2.01
13.30-215.50 1.10-0.95 gro pm	5.71 2.85-2.70 pm 5.15
3.36-13.389 7-3-5.20 gro pm	4.89 12-10.50 pm 2.37
3.4820-1.8630 1.50-1.45c pm	10.78 4.01-3.96 pm 9.69
a are ounted in U.S. current	ney. Forward premiums
the U.S. dollar and not to	the individual currency.

Ruis 13,25-13.37 1	3.35-13.36 1.50- .6420-1.5430 1.50-	5.20gro pm 4.8 1.45c pm 10.7	9 12-10.50 pm 8 8 4.01-3.96 pm 9	
discounts apply to	is are ounted in the U.S. dollar t	U.S. currency.	Forward premiu individual curren	ms cy-
CHANGE CRO	SS RATES			

ACHANGE CR	OSS RATI						·-:			·
July 27	PoundSterling	u.s. Dollar	Deutschem'k	Japan'sa Yen	FrenchFranc	SWiss Franc	Dutch Guild'r	Hallan Lire	Canada Dolla	
and Starling	0.432	2.315 1.	4,215 1,820	498.0 215.2	9.808 4.237	3.905 1.644	2,000	1890. 816.4	2.705 1.159	67.35
Michaniark Michaniark Michael Year 1,500	0.237	0,549 4,648	1. 8.459	118.2 1000.	2.328 12.69	0.903 7.641	1,099 2,297	448.5 3794.	0,648 6,434	15.99 136.8
Men France 10	1.020	2.360 0.608	4.295 1.107	. 507.8 150.9	10. 2.578.	3.880 1.	4.721 1,217	1927. 498.5	2.756 0.711	68.57 17.70
Ch Gillder	n.916 0.520	0.500 1,225	0.910	107.5 263.8	2.112 5.191	0.882 2.014	1. 2.450	408.1 1000.	0.584 1.438	14.56 45.64
adap Dollar	0.570 1,485	0.855 3.487	1.557 5.255	184.0 769.4	5.524 14.56	1.405 5.680	1.711 6.875	698,3 2805.	4.018	24.89 100.

ONDON MONEY RATES

July 27	Steriing Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonde	MOUSE	Company Deposits		LESSENIA.	Eligible Bank Bilis 4	Fine Trade Bills o
days potice. days portice. days portice. days portice. days portice. de months. de years.	144-14-14 1412-13-15 1412-13-15 1352-16-15 1352-12-15 1342-13-18-18	12-144 - 14-144 144-144 14-149 13-151 1878-15 125g-1234	1414-1414 14-1414 14-1414 14-1414 13-14-1834 1884-1834 1884-1834	1479-1419 1458-1419 1419-1414 15-1279 1558-15 1279-1219	1455 1454 1412 1412 1876 1312	144	15ig-14 15ig-14 16ig-14 15ig 15ig	154 154 154 154-15a	144 14-14-1 15-15-15-15-15-15-15-15-15-15-15-15-15-1	14% 144 144 148 148

Lecal authority and finance houses seven days' notice, others seven designed rates community three years 122-122 per cent; tour years 122-122 and the seven days rates for prime paper. Buying rates	lays: fixed. **Long-term local eathers per cent; five years 12%-12% per cent for four-month bank bills 13% per cen
Approximate selling rate for one-month Transuty bitts 13's per cent	142-144 per cent two-month 13
house 13 per cent. Approximate rates for unsured but being the per cent; one-month trade bills to per cent; of discount 13.3459 per cent.	12 new cont from buly 1 1078 Class
this I Browney Biller Average tander rates of discould lander par	

MONEY RATES NEW YORK Prime Rete Fed Funde Treasury Bills Treasury Bills GERMANY FRANCE Wed.

578 501

July | Prev. 1979 1979 27 Rus | Nigh | Zee

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zerid(/) 513.9 512.1

N.Y.S.E. ALL COMMON

58.7358.66 58.62 57.98 59.32 53.85 (9/1) (27/5)

111 82.90 82.15

Householders offered insurance advice

BY OUR INSURANCE CORRESPONDENT

callection of inadequate premnf index lloking zums insured new replacement price must be but no index linking scheme is able to guarantee the adequacy of the basic sum insured, fixed

It is not possible to put more by the policyholder, when first applied. If that sum insured is

New chart

Last summer to help policyholders and their advisers, the BLA produced a teaflet on buildings insurance for the bome owner. Its principal feature was a charl of rebuilding costs pre-pared from a detailed report made by the Building Cost In-formation Service of the Royal Institution of Charlered Survey-ors. This chart noted rehuilding costs on pounds per square foot basis for five different types of house accounting for age, size and location.

room by room 20d item by item Now BIA h2s produced its own "guide to home contents insurance"—complementary to its buildings leaflet. The leaflet cootsins two panels, and a grid which encourages the user to

Fruit and vegetable prices come down

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

has been bard to find and the jam has vanished.

Inflation-hred under-insurance has long been recognised as one of the main reasons for the placement as new cover on some of calculations the method of calculations the sum insured, and the leaflet stresses that for insured in adequates. items covered on an indemnity iums. There is increasing use basis, deduction from today's

than the bare essentials in an eight page leaflet, but both are 30 per cent inadequate at the guides only and there many start it will remain inadequate insurance people who can through the policy's life. amplify the information that BLA nuw provides.

In preparing a leaflet it is a matter of fine judgment what size to produce and how much information to give. Experience has shown that the higger the traffet the more solid the infor-mation, the more is the sverage reader likely to be put off, to leave uoread or to misunder-siand. By dealing with hare essentials, BIA sedieves clarity and should eocourage many inquiries.

TEL AVIV

When the leaflet was intro-			
duced BIA promised regular		Prices	Change
revision, and the 1979 teaflet	Сстрапу	July 29	
should appear in early Novem-		1979	week
ber. It will contain a new charl	Banking, Insurance		
	and Finance		
of building costs—not just the			
costs in the 1978 leaflet in-	Bank Leami le Istael	409 483	÷ 4.0 + 3.0
creased hy the appropriate	Bank Heposlim Br	504	+ B.O
index percentage, but a chart	Union 6k of Isleef Bi.	422	- 5.0
completely revised as at the	United Mizrahi Bank	293	÷ 2.0
end of September by the RICS.	Hassneh insulance 81.	320	- 8.0
Argusbly, the bouseholder	General Mert, Sank Sr. "Telahol" Islah M. B	31.1 328	- 3.0 - 7.0
		340	- 7.0
can calculate his building sum	Land Osvelepmeni		
insured with reasonable	Africa Israel Inv 1810	960	₼ 14.0
securacy much more essily than	Israel Land Ocvor. 8r.	182	- 8.0
he can value the contents of	Property and 2udding, .	383	- 4.0
his home. Most of us, who have	Public Utility		
established homes, really do not	Islael Electro Colon	262	+ 43 0
appreciate how prices bave	Investment Companies		
moved in the last few years			
	2enk Leumi lovest	335	÷ 2.0
until we come to replace par-	"Cial" Israel srest	570 280	- 140
ticular items such as carpets.			-
curtains or appliances. Regrei-	Commercial and		
tably, there is no easy way to	Industrial		
value accurately contents except	Alliance Tito & Rubber	1.165 •	~ 45,0
room by room 20d item by item.	Elcp St	283 453	+ 35,0 - 12,0
Now BIA has produced its	Argamen Textile 2r	160	- 'õ.
	Amer, Israel Por, Mills	833	- 60.0
own "guide to home contents	Assis	477	- 51.0
insurance "-complementary to	Elite	452	÷ 53.0
its buildings leaflet. The leaflet	Tova Rsg	ű 67	- 6.0
cootzins two panels, and a grid	Fuel and Oil		
which encourages the user to	Oelok	221	- 1.0
itemise his possessions.			
Profitting time beautiful and and	Sourcu, 2ank Laumi	ie lans	iai 2M.

AT ONE time household business provided British insurers with the jam to put on the bread and butter earned from commercial property business. But during the 70s the hutter has been hard to find and the provides re-THIS YEAR'S first fell in the rises for their products, because

The fall was mainly due to The two most expensive items the seasonally lower cost of in the hasket, meat and dairy fresh fruit and vegetables. The products, were marginally Government's op a pound butler dear this month. subsidy was reflected in most.

Shop prices, but the cost of £548.50 to £551.40, mainly dairy products are rall increased

The dairy section rose from the first prices for milk and associated products.

prices and now cost shout Sp a signs that the sharp rises of pound, Lettuces, cauliflowers, carrots and cabbages were all that beef and lamb prices are cheaper. Tomatoes especially stabilising.

Frozen foods were slightly forces of the control of the carrots and cabbages were slightly came down in price, to 30p a Only onions were more expensive this month, about 21p a

last month. The cost of the fruit and

Last month the expected fall such as yogbourt and cream in the basket did not material. Butter prices, however, fell by ise because wet weather in May up to 3p a half-pound, as a dod June kept fresh fruit and planned by the Government's planned by the Government's vegetable prices higher than hutter subsidy, but margarine norical for the time of year, was slightly dezrer. Eggs were However, fairly good weather cheaper by 2p 2 half-dozen in a

this month has seen prices few cases. but generally egg tumble as expected.

New potatoes, for example. Meat rose slightly from were generally half last month's £490.95 to £492.68, but there are recent months bave ended and that beef and lamb prices are

more expeosive, reflecting pound ou sverage, compared more expeosive, reflecting with last mouth's 44p a pound, higher seasonal demand in hot weather.
The FT shopping basket is

shoppers who mooiter 100 grocery items each month io based on data collected by 25 pound instead of 18p oo aver-The cost of the fruit and vegetable section fell by almost £44 to total £245.61.

The only other item in the basket to show any fall by value was sugar, teal coffee, and soft drinks. Although sugar was everywhere 2 bout 1!p dezrer than last month, tea and coffee were generally cheaper.

However, the main coffee produced or osed ducers have announced price in 2ny way without consent.

The same food stures throughout the UK. The basket covers large 2nd small stores but it is not iotended as 2n absolute guide to find price movements. Inquiries about the grocery basket should be made to Lucinda Wetherall at the Financial Times. The FT grocery prices index is copyright and ducers have announced price in 2ny way without consent. the same food stores throughout

PINANCIAL TIMES S	HOPFING BASKE		
JULY.	1979		
	July		June
Dairy produce	551,40		548.50
Sugar, tea, coffee, soft drinks	176,77		179.86
Breed, flour and cereats	260.24		255.57
Presorves and dry groceries	96.45		95.52
Sauces and pickles	43,43		43.24
Canned goods	766.65	. '	166.61
T foods	204 74		70174

Canned goods Meat bacon, etc. (fresh) 289,35 195,06 Fruit and vegetables 245.61 201.8 Non-foods 2,439.83 2,465.90 Index for July: 114.79

1978: March 100: April 101.77; May 103.11: June 104.18: July 102.41; August 101.89; September 101.90; October 101.77; November 103.67; Secember 105.10.

ducers have announced price in any way without consent.

NEW YORK-DO	SA TONES			-	27 26 85	
		1979	Since Compili n	industrial	286.08 284.18 268.	81 25
July July 3	uly July July July 25 24 : 25 : 20	High Low	High Low	Combined	265.84 264.21 261.	
		, ,	1 1	TORONTO Composite	1578.0-1670:0 1656	6.8 15
• industr'is 852.76832.7686 H'ma 8 nde 85.58 85.73 8	5.70 85.52 85,59 85.7	85.97 82.92 : 3/7) (6/5)	(11,778) (RITIES)	JOHANK ESEURG Gold industrial	257.1: 297.8 297	- 1 -
Transport 251.70258.88 25		(27.7) (27.2)	772(68) + (8/7/52)		e- 1979 1979	<u> </u>
Utilities 108.15.168,16.16	7.98 107.54 107.51 107.85	(10.7) : (15/5)	(20/4/88) 28/4/421	TO THE PARTY OF TH	us High Low	
Trading Vol 000 at 27,600 32,570 34	,950 28,700 20,980 26,420			Austrafio (1) 550.78 588	(10/0) - (M/1)	Spain
• Day's high 842.66 low 8	33.28			Belgium (j) 108.62 198 France (ti) 27.11 97	.40 97.46 88.32	Swed
	July 20 July 15	July 6 Y	ear ago (approx)	Denmark (** 88.5 0	8 5 + 07 3 1 73 5	Dec.
Ind. div. yield %	5.23 5.78	6,69	6.62	Germany (\$\$) 756.20 74	8.5 838.6 719.4	1970.
STANDARO AND POORS .				Holland (65) 78.7 7	78.0 86.8 71.3 (24/1) (7/8)	Fines 29/12
		1272	SinceC'mpli'i'n	Hong Kong 225.21 800	(27,7) (2,1)	f Swi

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	July 27	26 .	as :	B4	July July : 23 20	High	Low	High	Lov
tindust'is	114.08,	114.08	174.10	112,80	t12.51 112,87	116,88	107,50	184,84	1501 S
Composite	185.10	108-10	105,08	101_27	101.65 101.62	104 47	às. tă	125,25	(40
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					11.10
	. July 25	July 18	Joly 11]Yea	sotque) oga
Ind. div. yfeld 🖫 🗼	5.34	5,52	5.21]'''	4.95 C
Ind. PrE Ratio	7.89	7.87	8.03	7	9.40
Lond Dov. Sand Yield	8.21	8.92	8.86	i ·	8.56
				<u> </u>	total Control

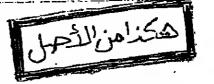
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(2/1) 2.97 (35-13		CTIVE ST	V-100
t(1) (13/7)	FRIDAY'S	WC114F 21	Chan
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g bonds.	2 rendf Fotomat	285.200	+ +
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EUROPE

AMSTERDAM	BRUSSELS/LUXEMBOURG	SPAIN .	TOKYO' T	
July 27 Fig 1 2 . 3	July 27 Prico + or Fra Mid.	July 27 Per cen1	- July 28	
Aheid (F).200 82 -0.2 a22 ; 5.	Frs Net - 2	Banco Central 281 + 2	Asshi Class	341 14
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Ale'm 8k (F) 100; 358 '-0.5 A15 ! 7.	4 Beksert B" 2.370 _20 180 5.5	2 Granade (1,000)- 134	Casio	685 - 25 25 -510 +8 20
Amey (F).101 28 +1 : 30 : 5.		Banco Hiapaco 242	Chinon Dai NipponPrint	535 -2 118
Amrob'k (F1.20). 70.8-0.5 125 7.	O Cockerill 482 +4	8co. I. Cal. (1,00) 148 . + 1	Full Photo	891 10 15
8ijenkerf 70.6 -0.4 : 88 7.	2 E8E3 2,180 -5 177 8.1	Banco Medrid 192 + 1	Hitachi	240 -1 12
Boka WatmiFile 106 +4 85 .B.		8. Santander (250) 258 + 4	Honda Motors.	530 -9 . 18
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Heineken (F)26) 82.1 + 0.2 14 4.		Oragedos	A.A.	2,950 4+40
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Huntero FL100 24.4 1.2 4.4	Lz Royale Beige 6,400 + 50', 325 B.1	1 - 11 0001 EA 1 0 25	Komatsu	Z23 -11 18
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INTERNATIONAL BONDS

BY FRANCIS GHILES Spotlight on the innovators

IN THE Eurodollar bond markets fast week, the introduction by S. G. Warburg of certain U.S. Yankee" pricing techniques with a \$100m straight issue for fire Kingdom of Sweden claimed the attention of bond syndica-tion managers and dealers

The markets also witnessed another innovation, this time in the floating rate note sector.
Credit Suisse First Boston
Haunched on Friday a \$300m
issue for Citicorp with a bullet maturity of 31 years. Of this total amount \$100m will be issued in the traditional way while a further \$200m remains for issue at any time during the next six months at the disretion of the botrower.

The coupon will be the mean

hetween the bid and offered three-month London interbank trate. The horrower will thus be paying no spread above the interbank rate nor will there be a minimum coupon. Both these elements represent innovations on what could be, if the whole \$300m is issued, the biggest even FRN issue for a

The only active areas of the Eurobond markets last week were the Deutschemark, Swiss franc and the aterling ecctors in Swis franc bonds, the large skeeping up with investor appetite. Prices of sterling issues eased on the week as soma investors decided to take their profits because of the sharp rise in the UK currency.

volume of new issues: DM200m. bond was indicated by lead writers. Indeed the commis- The exercise was, of course, The real volume of D-Mark manager Warburg in the invita- slope paid by the borrower were made easier by the quality and much larger. Bonds for suprathrough Deutsche Bank.

While demand for DM paper is strong the dilemma the German banks face is that they cannot attract many borrowers today. One reason is that borrowers believe they may be able to raise D-Mark honds more cheaply if they wait a little. Among the latest DM issues are a DM 100m public bond for the Asian Development Bank

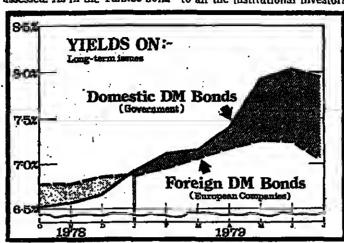
and a DM 100m private place-

ment for Norges Kommunal-

Prices of D-Mark foreign bonds rose by up to 11 points nn the week but strongest demand from foreign buyers is still directed at domestic-bonds where the yield for the investor is now well above what he can obtain on forcign bonde. Although yields on the most recently floated honds, be they foreign or domestic, have been falling during the past two weeks, there is no eign as yet that the differential on the yield available on two types of paper, and which currently considered stands at about 2 of a point in the issue. favour of domestic bonds, is

narrowing. The flotation which claimed sharp rise in the UK currency, most attention was the \$100m could buy the issue in the same tion, distribution of the bond offering for Sweden. Contrary secondary market at the same tion, distribution of the bond from the managers or the underwas better and its secondary market performance was good.

foreign honds which is even- tion telexes sent out to the much lower than is current maturity of the paper-exactly tually floated is likely to be underwriters. These were en- practice: 1 per cent for the type of instrument which couraged to keep in touch with management fee, I per cent for central hanks and orajor institu-



market, the issue was effectively being offered on a yield basis.

During the first day of trading this bond was quoted at 99½, which meano that investors

national organisations are not the lead manager so that the underwriting commission of While no one expects the new calendar and this week alone a demand could be clearly per cent which is given away practice to catch on instantly, it assessed. As in the Yankee bond to all the institutional investors.

This exercise could not bave

come at a better time. Condi-When the bond was priced last tions in the dollar sector are Thursday, three days after it not good and huyers are largely was launched, the coupon was remaining on the eidelines set at 9f per cent and the bonds waiting for clear r trends to priced at 99f, to yield 9.95 per cmcrge in U.S. interest rates range the lead manager had was placed in firm bands, over considered when it launched 80 per cent of it is under the issue. tional investors.

While the horrower did not pay less than if it had had the the Eufohond market will move.

The management group for this issue included banks like Salomon Brothers and Orion, will known for their institutional tieo but also Paribas and Dresdner, more reputed for their retail distribution muscle. That Dresdner was a manager is all the more interesting ao this hank acts. on a rotating basis with Deutsche Bank, as lead manager for the Kingdom of Sweden's D-Mark issues.

The Deutsche Bank bowever was not to be found among the managers or the underwriters of the issuc. The three big Swiss banks are understood to have indicated they would have nothing to do with the issue. The \$100m FRN for Citicorp

came too late last Friday to elicit any reaction from the market. The structure and terms of the bonds suggest this issue is closer to a money market instrument than to bond. It appears to be aimed at the cash rich companies and institutions to whom it would offer, at least initially, a better return than a three-month certificate of deposit. The timing of this issue could well turn out to he judicious as interest rates are widely expected to rise during the next few months.

BY JOHN EVANS

Mexico's fine terms spark debate

MEXICO can this week claim to that is there are no amortisa- cent, with maturities ranging up nnique position, as regards judg- although none on the same scale ing its credit-rating, bankers say. as Mexico. nationo to offer substantial simounts of its Eurocurrency Simultaneously. \$120m is be-crifeot at terms to which hitherto ing lannched for the state foreign trade bank Banco

MEDIUM-TERM FINANCE

fries could aspire. 60 However, the Euromarkets are divided over whether this development marks yet another significant downward step in the have an average life of only 51 settendy; decline in Euromarket years, as repayments will begin Plending spreads witnessed over

ls Westdeutsche Landesbank.

ing lannched for the state foreign trade bank, Banco Nacional de Comercio Exterior, by International Mexican Bank.

This ten-year transaction will one year after drawdown starts.

In contrast, Latin America'e Is currently raising an \$850m lity in the U.S. money markets, success, Mexico will seek longer Euroloan for 12 years on the primarily in order to generate basis of spreads of 1 and 1 per short-term finance for its future level for its future loans. leading oil exporter, Venezeula, cent

In recent years, only the in-

Pemex is now arranging a \$1.5bn banker's acceptance facioil and gas exports to the U.S.

The relatively modest maturities on these two latest credits sector external deht stood at dustrial nations could win a per ties on these two latest credits cent or occasionally a per cent also suggest that Mexico has not pricing from the Euromarkets, yet achieved a financing hreakMexico is generally catethrough in the Euromarkets, say

This year, total de-

spur died rates. The larger transMexico's economic problems in \$25bn.

Seek similar terms from their estimated debt service.

Seek similar terms from their estimated debt service.

Solution, a \$200m credit for the 1976. Its more recent credits— But its strategic importance to banks. A number of Third Mexico's debt will builted Mexican States, has a have heen priced on the basis of the West, after the new oll distance would be world countries are generating \$35bn. including the producing potential.

There also seems little doubt that, If the two loans prove a

Latest official Mexican data show that, at end-1978, public just over \$25bn compared with

This year, total debt service charges, including principal payments and interest, will total
most indehted nation, with country rating for Mexico may vicing costs will total standing recovery started after foreign borrowings of more than spur other developing nations to
most indehted nation, with country rating for Mexico may vicing costs will total \$25bn.

By the very 2002, the nation, a \$200m credit for the larger transments and interest, will total country rating for Mexico may vicing costs will total \$25bn.

By the very 2002, the nation, a \$250m credit for the larger trans-Mexico's deht will amount to \$35bn, including \$10bn of

CURRENT INTERNATIONAL BOND ISSUES

	Amount		Av. life	Coupen	_	Lead Manager	yield
Borrowers	m	Maturity	years	%	price	Feld Lim-Sr.	%
U.S. DOLLARS				_	_	Goldman Sachs	
††§Canon Inc.	80	1994		•	17	Lehman Bros. Kuhn Loek	10,12 د
ࠠECSC	125	1999	15	9}	98.915	Kuhn Loeb Leleman Bros	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
SAllegheny Airlines	25	1994	_	9	100	BNP	1.07
T Bank Handlowy	. 30	1984/89		. 714	100	Man. Hanover	6.6T [©]
fBanco de Chile	35	1986	7	6 <u>₹</u> ¢	100	S.G. Warburg	9.95
15weden	. 100	1984	5 5	91	99.	Man. Hanover	6.86 [©]
†Krung Thai Bank Ltd	. 25	1984		620	100	mail D	10.10
Michelin	125	1994	124	10	. 991	BNP Crédit Suisse First Bosto	6.09 [©]
ITrade Dev. Fin. Ser.	40	1982/86		6 [©] .	100	Crédit Suisse First Bosto	n —
†Citicorp	100	1983	3ţ	_	100	Credit Suisse Little 2001	
D-MARKS	-	-					7.625
‡**EIB	200	1989	10	. 7 1	100	Deutsche Girozentrale	
Asian Dev. Bank	100	1989	10	7	99.I	Deutsche Bank	7.57
**Norges Kommunalba		1707		- 1			7 70
(g'teed Norway)	100	1989	7}	7	100	Westi B	<u>7.38</u>
SWISS FRANCS		1000			100	Crédit Suisse	4.5
‡IAD8	100	1989	n.a.	41	100	Crédit Suisse	4.345
‡CNT (g'teed France)	100	1989	n.2.	. 4 1	99 }	Soditic	4.425
EB	100	1994	n.a.	41	100	LIBS	4.25
t**Ahex Int. Holdings	25	7984	<u>)).a.</u>		100	Crédit Suisse	4.75
1** §Riccar Sewing Machin	es 35	1984	7	4 <u>}</u>	100	Crédit Suisse	4.8°
‡**†Kayaba	25	1984	4	4~	100	Citoir parase	
‡**Daishowa Paper (g'te	ed _	2007		47	100	IJBS	4.5
Sumitomo Bank)	30	1984	n.2.	41	100		
YEN						NI	8.01
EIB	15bn	1989	¶	7}	991	Nomura	
KUWAITI DINARS	-						
Credit Immobilier					_		
(g'teed Morocco)	6	1989	6.55	81/81	•	KIIC	
						- 	

Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. • Mir 1† Registered with U.S. Securities and Exchange Commission. • Purchase Note: Yields are calculated on AIBD besis.

U.S. BONDS

A stronger undertone

some confidence and, more important, a new Federal Reserve Board chairman, Mr. Paul Volcker, who is regarded as the best man for the job. U.S. bond markets last week regained a little of the strength and tone which characterised the rally of May and June. interest rates.

Since President Carter cancelled bis energy speech at the start of this month and launched his Camp David reexamination of personnel and policies, prices have steadily weakened in a mood of uncer-tainty and some depression. as the foreign exchange markets are willing to allow the new policy making team at the Treasury and the Fed time to have some impact on the grave economic problem of upward adjustment in the Fed's inflation, theo the hond markets may enjoy greater stability for the balance of the Nevertheless, on Wednesday

spoontment on Wednesday is and gained between 9 and 18 secondary market at the end not without irony. For in hasis points. The closely studied the week 1 of a point hig welcoming a man who has 91 per cent bonds of 2009 rose to yield 9.84 per cent.

summer.

new tremendous knowledge and Mr. expertise of domestic and inter-Treesury Secretary. Mr. expertise of domestic and inter-william Miller, in whom it has national finance, as well as a a and and a little with the secretary. somewhat more conservative view of monetary policy than his predecessor, the bond markets were also endorsing a new Fed chairman who in the near term may threaten bond price stability by boosting short term

Mr. Volcker has been as guarded as you might expect in publicly discussing the outlook, but there is a strong cense on Wall Street that be will be less "gradualist" in bis approach to interest rates and reducing This has not been totally discommercial banks' prime rates pelled by two appointments, on Friday to 112 per ceot however important. But so long as the foreign and the foreign anticipation of still bigher money market rates under the new regime as well as a reflection of dearer money following a discount rate increase and an upward adjustment in the Fed's

medium and long-term with a triple A rated \$125m 20-Tressury bonds wiped out their year Issue. Priced to yield 9.875 The substantial raily which Tressury bonds wiped out their greeted news of Mr. Volcker's losses of the previous two days

is to yield 8.96 per cent while; older corporates added between

BY JOHN WYLES

Subsequent news of a 1 per cent increase in the consumer price index in June caused some hacktracking by the close on Friday so that the Tressury market remained pretty much unchanged on the week and corporates up ; or unchanged.

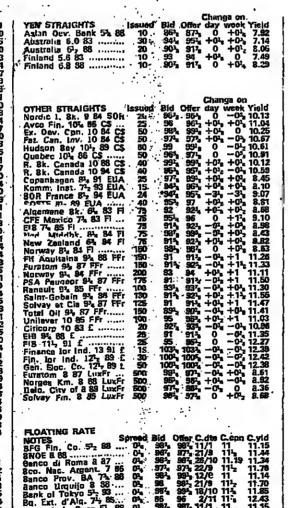
A heavy calendar of new corporate issues included \$350m 25-year triple A debentures from Ford Motor Company, Ford's first bond salee since 1974. The issue was priced to yleid 9.18 per cent, about 0.19 per cent above long term Treasuries as a reflection of Ford's exposure to the economic cycle. prime quality food company. by contrast, could expect to pay a premium above Treasuries of 0.05 to 0.1 per cent. The Ford issue was 85 per cent taken up at its sale oo Thursday.

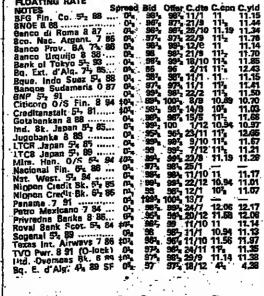
Earlier, the European Coal and Steel Community had made its first excursion into the U.S. Yankee hond market since 1977 year Issue. Priced to yield 9.875 per cent the issue traded in the secondary market at the end of the week ; of a point higher.

FT INTERNATIONAL BOND SERVICE

M.S. DOLLAR-	Changa on
STRAIGHTS . Issued	Bld Offer day week Yield
Alcoa of Australia 10 89 60	974 984 0 -04 10.30
Max Howden XW 95 91 . 30	92% 94% 0 0 12.15
Nyco 0/5 Can 101- 87 - 40	967 977 0 -07 10.60
Mayer int F. YU. 71, 88 200	83° 83° 0 -0° 10.03
EFCA 93, 84-99 50	947 944 0 -04 10.04
CECA 400 01 150	974 987 0 0 11.07
Canada 9 83	981 985 +01 +07 9 69
Omeda 9), 00	972, 972, +01, -02, 9.78
Caracillar Daeline Ol. 90 CO	971 98 -01 -01 10 11
Cartos Handay Ol 90 E0	961 971 0 -01 10 40
Complete Inter 5 102 01 40	99-100 0 0 10.28
Continuous Can 05 85 103	971 973 -01 -03 10 14
Dome Paradeum 10 84 EG	961, 961, +07, -07, 10,47
Borning Polder 101, 84 30	994-100 0 -04-10.30
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Pepsico Cap. 97, 84 100	974 984 -04 -04 8.82
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Quebec Hydro 10 99 75	954 964 0 -02 10.49
Mediand Pin. XW 92 81 25	914 92 0 -04 10.78
Seers Roebuck 9 82 150	974 984 0 -04 9.88
200ckholm 91 84 60	983 993 0 -04 10.14
presdan-83, 89 100	584 987 0 -04 9.96
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sidiary of dataSTREAM International).

SONDTRADE INDEX AND YIELD					
Medium term		Long term			
July 27 July 20	95.38 95.38	8.68 8.68	89.41 88.41	8.46 9.45	
High 79 Low 79	95.75 94.40	(1/2)	89.99 88.67	(30/1) (28/2)	
EUROSOND TURNOVER					

EUROSOND TURNOVER (nominal value in Sm)					
U.S. S bonds	Codel	Euroclaa			
Last week Provious week	779.3 1,102.6	2,048.2 2,154.0			
Other bonds	269 9	408.7			

No information availableprevious day'e price.

† Only one market maker supplied a price. STRAIGHT BONDS: The yield is the yield to redemption of the

mid-price; the amount issued is in millions of currency units ex-cept for Yen bonds where it is in billions. Change on week= Change over price a week earlier. FLOATING RATE NOTES: Denominated in dollars nnless otherwise indicated. Coupon shown is minimum. C.dte Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg. day= Change on day, Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per sbare expressed in currency of sbare at conversion rate fixed at issue. Prem=Percentage preminm of the current effective price, of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international honds for which an adequate secondary market exists. The prices over the paet week were supplied by: Krediet-bank NV: Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL: Commerzbank AG; Deutsche Bank Girozentrale; Banque Inter-nationale Luxembourg; Krediet Bank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suicoe/Swiso Credit Bank: Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International: Bondtrade: Banque Française de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltee Trading Company; Dillon, Read Overseaa Corporation; EBC; First Chicago: Goldman Soche International Corporation; Hambroo Bank; IBJ International; Kidder Peabody International; Morgan Stanley International Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavisn Bank; Strauss Turnbull and Co.: S. G. Warburg and Co.; Wood Gundy. Sumitomo Finance International:

Closing prices on July 27



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PARIS

RECENT changes in exchange controls have dramati-Europe without paying any premium for the privilege. The vented any rusb of funds across to ignore what goes on elsewhere in Europe.

Paris stood out among the world's major stock markets during the second quarter of 1979 with much the sharpest price gains. As calculated by brokers, Wood Mackenzie, the rate of return including dividend income over the three months amounted to 21 per cent. That was nearly twice as great as the nearest rival. Canada. The main share price indices are still pushing up to their high points, and there are plenty of bullish arguments to he heard around the market

Company profits are rising strongly. Corporate profits as a whole could be up to 25 per cent better this year, and dividends are keeping pace. Indeed there is some evidence that pay-out ratios generally are rising. And despite the upsurge in prices since the election in March, 1978. French shares are still not particularly expensive by international

The average yield is a little over 5 per cent and plenty of important companies. like Paribas, Compagnie Generale d'Electricite or Saint-Gohain, offer substantially more than On the hasis of this year's likely results, the market as a whole could be selling at well under eight times earnings.

Relative to the World Index of share prices, as calculated by Capital International of Geneva, Paris has now fully recovered from the sickening declines of 1976 and 1977. That was when it looked as though the French capitalist system could he in real danger. But ance companies are heing on the same relative hasis, the officially encouraged to huy

Michelin

Peugeot-Citroen

Française des Petroles

Compagnie Generale d'Electricite Thomson-CSF

Matra

Paribos

Saint-Gobain

Carrefeur

Air Liquide

Pechiney

Source Perrier

Thomson-Brandt

Maisons Pheni≍

BY RICHARD LAMBERT, Financial Editor

equities compared with their 50

per cent share of the hond

market. And foreign investors,

equities, have also been show-

ing fresh interest. Non-resident

shareholders were heavy net

sellers of French shares during

the mid-1970s, but In the first

hought shares worth nearly

Yet all is not quite as bright

present is that despite the

buoyancy of the indices, the

shares of a large number of

points reached earlier this year

or back in 1978. There are some

manufacturing groups have heen looking very nnhappy. For companies like Michelin.

St. Gohain, Citroen and Thom-son-Brandt, the bull market

The explanation starts with the fact that France is one of

the economies in Europe most

vulnerable to the steep rise in energy prices. The oil import

bill this year is expected to rise by over FFr 15bn, and as

a result the trade balance is

swinging into the red. Analysts

that of Germany. The consensus seems to he that this will

put pressure on the franc within

the European Monetary System,

and that in order to hold the

which is almost a full point

bigher than in June.

ended months ago.

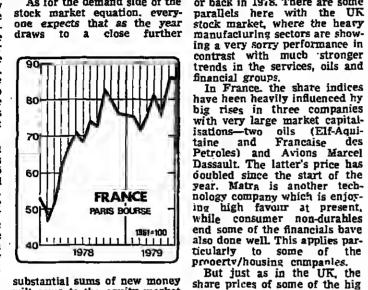
The strongest market

in Europe

market is still a long way short more equities. In 1976, domestic of the levels reached during the institutional investors (not heady days of the early 1970s, counting the hanks) when Paris became a fashion- reckoned to own only about 16 able home for international per cent of outstanding French

The technical position of the market is also sound. On the supply side, it seems likely that who in the same analysis were there will not be quite such a shown to hold 15 per cent of all flood of rights issues this year cally widened the horizons of as there was in 1978, when uK investors. They are now public companies raised free to deal directly in the FFr 4.8hn in new equity. In the first four months of this the first four months of rights year, the total value of rights nine months of last year they issues declined by nearly a strength of sterling has pre- fifth, and although activity will FFr 300m more than they sold. vented any rush of funds across probably pick up in the Yet all is not quite as bright the Channel. But UK fund autumn the companies which as it may appear. The striking managers can no longer afford most needed to rebuild their feature of the exchange at halance sheets have already come to the market. The trend in new capital investment is sluggish, so there is no great major companies are currently call for new funds to finance trading well below the bigh

> As for the demand side of the stock market equation, every-one expects that as the year draws to a close further



substantial sums of new money will come to the equity market granted in 1978 to encourage the movement of private savings into equities. The special investment funds (SICAV) created last year as a result of this Lol Monory pulled in FFr 3.4hn between August and December, and for the whole of this year the figure could he around FFr 4bn. The capitalisation of the whole market at the end of last year was less than FFr 200hn, so these are sizeable sums of new money.

In addition, it is accepted wisdom in Paris that the insur-

p/e ratio

yield %

3.4 9.9

GLOSSARY

issues, this is the market where foreign investors mostly do their dealing. Costs for a large investor work out at around 1.1 per cent. Settlement is linked to a one month trading system, but can he deferred into the following month by use of the "marche des reports," or contango market. It is also possible to deal on a conditional hasis, "marche a primes," or

Trading on the "marche a terme" is conducted " a la criee. which takes place in an open and very vocal auction session.

Marche au comptant. A spot market which trades all the securities listed on the Paris Stock Exchange on the hasis of are traded "par casier." which is an antiquated system of

Marche hors-cote. Securities which are not listed on the official markets may he traded here on a cash basis. It is located within the Stock Exchange and business is handled by "agents de change" and their clerks. But it is not exactly over-regulated.

Agents de change have a legal monopoly over all dealing in stocks and shares. They are appointed by the Ministry of Finance, but their firms—which are either individual firms or limited partnerships or corporations—are strictly private. In principle, they are forbidden to trade short term for their own account, and although they have in recent years heen permitted to take short term positions outside market bours, they are required to unwind these on the market as quickly as possible. There are at present 99 agents de change in France, of which 70 are in Paris, and their numbers have been contracting

recent years.

Chambre Syndicale. By law, all brokers are grouped tngether into an association named the "Compagnie des Ageats de change." The governing body, the "Chambre Syndicale des Agents de change," is elected annually by the memhers, and is responsible for the management of the exchange and the application of its own disciplinary rules. It administers a joint guaranty fund to protect the public against any default hy a

Commission des Operations de Bourse (COB). A Govern ment agency created in 1967 with two main responsibilities. It supervises the disclosure practices of public companies, and has the final say about any new listing. And it oversees the operation of the Stock Exchange itself, checking the course of trading and the conduct of financial intermediaries, and proposing changes in the rules where necessary. It is not afraid to use its powers. For instance, insider dealing in France is a criminal affence and about a dozen people have

Avoir fiscal is a tax credit equal to 50 per cent of the amount of the dividends paid to shareholders. It is available to UK shareholders of French companies—provided they do not own more than 10 per cent of the company. Dividends and Interest from French securities are generally subject to a withholding tax of 25 per cent, but this can he offset against UK tax liabilities.

from a rise in consumer On balance, it seems unlikely purchasing power of around that UK investors will decide to now think that the domestic rate of inflation this year may turn out to he 11 per cent or more, substantially higher than currency in something like its present position, interest rates will have to continue to move higher. Last week three hig in 1980. Real disposable incomes hanks pushed their hase lend- are not expected to show much wants to hedge against the ing rates up, the second round

rate is now up to 9.75 per cent. price increases running ahead of costs for very much longer. The biggest problem for the The outlook for corporate foreign investor—especially one profits is also hecoming more unfamiliar with a market where cloudy. The recent hig gains the hanks play as hig a role in are not so much the result of the stock exchange's activity as large volume increases, as of they do in Paris-is to know a very substantial improvement how much of the good news has in profit margins during the already been discounted. Most

put much new money into French equities at present. And the bond market, dominated hy the normally docile French institutions, is not usually a

like price earnings ratios and dividend yields—Paris does not offer a great hargain compared with London. Anyone who currency other than the French franc. And UK investors are still rather nervous about the workings of the Paris bourse, despite a marked improvement in companies' disclosure practices in recent years. There are still raw memorles of the mid-1970s, when a number of UK funds hit a painful double in the

Marche a terme. Confined to the largest and most active in negotiated options. "marche a options."

cash and immediate delivery. Specified brokers are responsible for setting the price of particular securities. If the stock is also quoted on the "marche a terme," prices are set "par opposition," a method which ensures that the prices on the two markets are within 2 per cent of each other. Otherwise they

heen prosecuted following initial investigations by the COB.

4 per cent in 1978, and coincided with the removal of price controls. In the second half of 1979, however, demand seems to he slackening across the economy. Some hanks are now projecting a rise of well under 3 per cent in gross domestic product this year, and a more modest gain than that change. So it is hard to see how strength of sterling will probthe company sector can keep

past year or so. A number of of it, after all, has been pretty companies reaped hig benefits obvious for some months.

place for foreigners. In terms of simple values-

French market-in at the top and out at the bottom.

CONTRACTS AND TENDERS

117.1

1.610

192

Source: L'Année Boursière end Societe Generale

THE MOST ACTIVE STOCKS

ARGENTINE REPUBLIC

Ministry of Economy

State Secretariat of Energy

Hydronor S.A.

Hidroeléctrica Norpatagónica Sociedad Anónima

Alicopa Complex

Alicurá Hydroelectric Project

Prequalification of contractors:

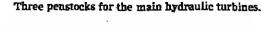
In connection with a subsequent call for tenders for design, manufacture, transport, erection, esting and commissioning of the following hydromechanical equipment for the spillway, intake works, draft tubes, bottom outlet and cooduction to the turbines. Hydronor will receive and analyse the qualifications and references of those firms or consortia of firms, both national and international, that have adequate technical and financial capacity and wish to take part in the call for tenderers.

Subcontract No. 533/1-gates, trashracks and auxiliary equipment

Three spillway operation radial gates. One set of six spillway maintenance sliding stoplogs. Three intake operation fixed-wheel gates. One intake maintenance sliding gate. Fifty sections of removable trashracks.

One gantry crane for the intake and the spillway. One set of four draft tubes maintenance sliding stoplogs. One gantry crane for the draft tubes. Four bottom outlet sliding gates.

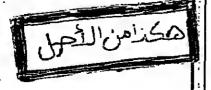
Steel lining for the bottom outlet. Subcontract No. 533/2—penstocks



Terms of reference:

The procedure for submission of data for this purpose and the characteristics of the supply object of these hiddings are set out in corresponding prequalification documents which may be obtained either from Hydronor S.A., Av. Leandro N. Alem 1974. 5th Floor. 1001 Buenos Aires, or at the main offices of Electrowatt Engineering Services Ltd., P.O. Box, Bellerivestrasse 36, CH-8022 Z, Switzerland, and SVECO AB, P.O. Box 5038 2 Linnegatan, S 102 41 Stockholm 5, Sweden, as from July 12, 1979.

The envelopea containing the qualifications and references of the firms or consortia concerned must be submitted to Hydronor S.A. Av. Leandro N. Alem 1074, 5th Floor, 1001 Buenos Aires, Argentina, before 4 p.m., September 3, 1979.



ARGENTINA

Bella Vista S.A. (e L) Sugar Company INTERNATIONAL CALL FOR TENDERS

Sale of a sugar company as a unit. alcohol distillery and 6.000 Hectares of sugar cane all located in the province of Tucuman (Argentina).

Base:u3s 43110112

Terms of Payment: 10% on adjudication; 15% on possession and balance up to sixty (60) months.

Opening of Tenders 7th August, 1979, at 4 p.m., at 120 Defensa Street, 5th floor, Buenos Aires, Argentina.

> Offers will be received until one hour before limit time.

Specifications and Information Available at 575 San Martin Street, 2nd floor, Of. # 15, Tucuman, Argentina, or at 1070 Cerrito Street, 11th floor, Buenos Aires, Argentina,

Trust receiver

TENDERS INVITED

REFRIGERATION EQUIPMENT FOR BRAZIL

Centrais de Estocagem de Santa Catarina S.A. is now at the stage for implementation of a refrigerated warehouse facility for food storage to be located in the city of Itajai in the state of Santa Catarina, Brazil.

Machinery and equipment for this project of food storage is now required and full specifications for tender may be obtained from:

Centrais de Estocagem de Santa Catarina, Rua Ercilio Luz 53.

Cuarto Andar, Conj. 501, Itajai, Santa Catarina, Brazil. ...

APPOINTMENTS

Senior post at County Bank

Mr. John A. S. Leighton-Boyce has been appointed chairman of COUNTY BANK from October 1, succeeding Mr. Sidney Wild on his retirement. Mr. Leighton-Boyce, a director of County Bank since 1977, is a deputy chairman of Pilkington Brothers and a director of National Westminster Bank Mr. Sidney Wild is retiring from the main Board of National Westminster Bank and as chairman of County Bank on Sept-ember 30. Mr. Wild was formerly deputy chief executive-of National Westminster, executive committee chairman of the British Bankers Association and a member of the Board of Fédération Bancaire, Brussels He will continue as a director of Yorkshire Bank where he is deputy chairman.

Mr. John Riddick has been annointed managing director of TERRA NOVA INSURANCE COMPANY subject to the formal approval of the Department of Trade, as required by the Insurance Companies Act. Mr. T. L. G. Landon, at present deputs chairman of Trans Nova deputy chairman of Terra Nova, continues in that position until. January 1, 1980, whereupon he will take up new responsibilities within C. T. Bowring Under-writing Holdings.

Mr. Daniel P. Weadock has been appointed Group executive of ITT Africa and the Middle East. He succeeds Mr. John W. Gullfoyle, who recently became nresident of ITT Europe Inc. In his new position, Mr. Wesdock will report to Mr. James V. Lester, executive vice president and a member of the ITT office and a member of the ITT office of the chief executive:

KIDDER PEABODY INTER-NATIONAL bas made the following appointments: Mr. William J. Rainer, vice president Kidder, Peahody New York bas been elected as managing director of K.P. SECURI TIES, in charge of all trading activities of Kidder, Peahody in Europe. Mr. Max Schneeberger formerly managing director of Dean Witter Reynolds, Switzerland will join kidder, Peabody, Geneva with sales responsibilities in the German part of Switzerland. Mr. George Ball, formerly with Ahn Dhahi Investment Company, has joined Relder Peabody. International Kidder, Peahody International for primary and secondary bond sales. Mr. Roy Evans, formerly with Merrill Lynch, takes charge of hond sales in England charge of hond sales in England and Scandinavia. Miss Janet E. Watson, formerly with chemical Bank, has been appointed as manager in the Eurobond advisory department. Mr. Philippe Dubois, from Kidder, Peahody, Geneva, will join the fixed income sales gronn in Barte Miss Chica Clara Charachy. Paris, Miss Claire Glass, formerly with Goldman Sachs has joined kidder, Feabody's equity sales unit in London. Kidder, Peahody's European executive committee will consist of: Mr. Hans-Joerg Rudloff, chairman, Mr. Jean-Pierre Salllard, Mr. Jason Bacon, Mr. Pierre de Blonay, Mr Peter Stuart-William. Mr William J. Rainer and Mr. Harry Sibley.

UNITED GLASS is making a number of top-level management changes in anticipation of the the group's managing director, early next year. Mr. John Small will relinquish bls position as managing director of U.G. Glass Containers and become deputy managing director of The United Glass Group, prior to succeeding Mr. Hender as group managing director when be retires. Mr. Tony McBuraie will transfer from his position as managing director of The Ravenbead Company, and hecome Company, and hecome managing director of U.G. Glass Coolainers. Mr. Peter Chamherlain, director, sales and marketing of U.G. Glass Containers, will take over from him as managing director of The Ravenhead Company.

Mr. J. A. Clough bas been elected president of TEXTILE INSTITUTE succession to Professor C. S.

Mr. Leslie Kemp bas been re-appointed by the Government to a second, three-year term as chairman of the CONSTRUCTION INDUSTRY TRAINING BOARD.

Mr. Robin Compton has been clected chairman of Time Inc's British subsidiary TIME LIFE INTERNATIONAL.

Mr. John Salinas has been appointed managing director of ATLANTIC LEASING. In this position he will be responsible for all Atlantic Leasing's activities outside of the IBM computer avsiems husiness throughout Europe, and will he hased in the group's London headquarters at Atlantic House, London, EC4.

Mr. Don Daveaport has been appointed managing director of SUTCLIFFE CATERING COM-PANY ISOUTH), part of the Succiffe catering group in succession to Mr. J. D. Stirling Gallacher, who becomes group MOTOR CARS

WADHAM STRINGER

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1978 June Rolls-Royce Silver Shadow II Sa Caribbean Blue, Magnolia leather, Speedon reading 8,800 miles. 1976 Aug. Rolls-Royce. Silver Shadov Saloo Seychelles Bloe, Beige leather. Speedometer reading 36,500 miles. 1976 Jan. Rolls-Royce Silver Shadow Saloon. Walnut Beige leather. Speedometer reading 43,000 miles

1976 Feb. Relis Royce Silver Shadow Saloon: Pewter. Green leather. Speedometer reading 39,500 miles.

1975 Feb. Rolls-Royce Corniche Saloon. Moorland; Beige leather. Speedometer reading 4,800 miles. 1975 May Rolls-Royce Corntche Convertible Coupe. White, Dark Blue leather, Dark Blue hood: Speedo-meter reading \$2,000 miles: \$33,250 1973 May Rolls-Royce Silver Shadow Salson. Black over Walnut, Black leather, electric sliding sunrous, Speedometer reading 38.600 miles. \$18,950-1973 May Rolls-Royce Silver Shadew Saloon. Alpine Grey, Beige leather. Speedometer reading 66,000 miles.

1973 Jan. Bells Royce Silver Shadow Saloen. Shell Grey over Seychelles Blue, Dark Blue leather. Speedometer reading 45,000 ml. es. 18,456 1973 May Rolls Royce Silver Shadow Saloon. Sage Greeo, Green leather. Speedometer reading 48,000 mues. 1972 June Rolls-Royce Silver Shadow Saloon. Coffee

Bean Brown, Magnolia leather. Speedometer reading 25,900 miles. 1972 July Rolls-Royce Silver Shadow Saloon, Caribbean Blue over Seychelles Blue, Dark Blue leather: Specilo-meter reading 44,500 miles: \$17,950 1972 June Rolls-Royce Silver Shadow Saloon Seychelles Blue, Beige leather. Speedometer reading £16.950 1971 Feb. Rolls-Royce Silver Shadow Saloon-Tudor Grey, Reige leather, Speedometer reading 22,500 miles

(one owner) GUILDFORD

Noodbridge Road, Guildford, Surrey, Tel. 69231_Ttc. 859255 1978 Jane Rolls-Royce Corniche II finished in Willow. Gold with Beige hide interior and Brown Everder

roof, 6,000 miles,
1978 Dec. Relis Royce Silver Shadow H finished in.
Chestnut with Beige hide interior, 900 miles,
1978 Sept. Relis Royce Silver Shadow H finished in
Shell Grey with Red hide interior, 3,000 miles,
1978 March Rolls Royce Silver Shadow H indshed in Cardinal Red with Beige hide interior 17,000 miles.

Cardinal Red with Beige hide interior 17,000 miles.

1978 Feb. Rolls-Royce Silver Shadow II finished in Chestout with Magnolia hide Interior and Magnolia. Evergex roof 14,000 miles.

1978 Jan. Rolls-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior 1,000 miles.

1978 Jan. Rolls-Royce Silver Shadow II finished in Gunmetal Grey with Grey hide interior. 19,000 miles.

1976 Feb. Rolls Royce Silver Shadow finished in Shell Grey with Surf Bine hide interior, 30,000 miles, with 1975 Mar. Rolls-Boyce, Silver, Shadew finished, In Peacock Blue with Beige hide upholstery, 30,000 miles.

Lisburne Square, Torquey, Tel. (0803) 24321

1975 July Comiche Copperinte in Walnut with Beige hide inpholstery and Beige hood. A beautiful one-owner car. 30,000 miles Offered at £39,850 1976 Jan. Comiche 2-door Saleon in Silver Chalice with Black Everilex roof and Deep Red hide upholstery. 23,000 miles only. £38,960 1978 Mar. Rolls Royce Silver Shadow II in Chestant With Beige Tupholstery. One owner 17,000 miles

with Beige upholstery. One owner, 17,000 miles.
Price on application
1977 Aug. Silver Shadow in Honey with Brown 1977 Aug. Silver Shadow in Honey with Brown Everfler roof and Beige hide npholstery Plenic tables. 7.300 miles. Superb. 235,500. 1976 model (regd. Nov. 1975) Silver Shadow in Moorstanding; to be registered with a 'V' Reg. No. on 1st August 1974 Aug. Flared Arch Silver Shadow in Seychelles. Blue with Blue hide. 61,400 miles. A sound investment at

WADHAM STRINGER



CITROEN CX 2400 CITROEN 2400 PALLAS MANUAL

PALLAS C-MATIC 1977. Blue with blue jersey trim. Power steering, C-matic, radio/ sterso, 23,000 miles only. Excellent

£3,450 Terms or Lease from £312 deposit. £104 monthly inc. 12,000 miles Auto-

guard warranty,

Terms or Lease from 2388 deposit £95 monthly inc. 72,000 miles Aim guard warranty. ELITE MOTOR SERVICES Ashby/Leic, 0283 219183/219208



1977. Metallic green with theige

radio. 25,000 miles conly.

£3,450

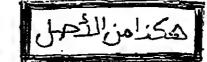
Citroen cars including GSX 3 call 01-377. 881 ; Cooper Car Company 20 Paul Street

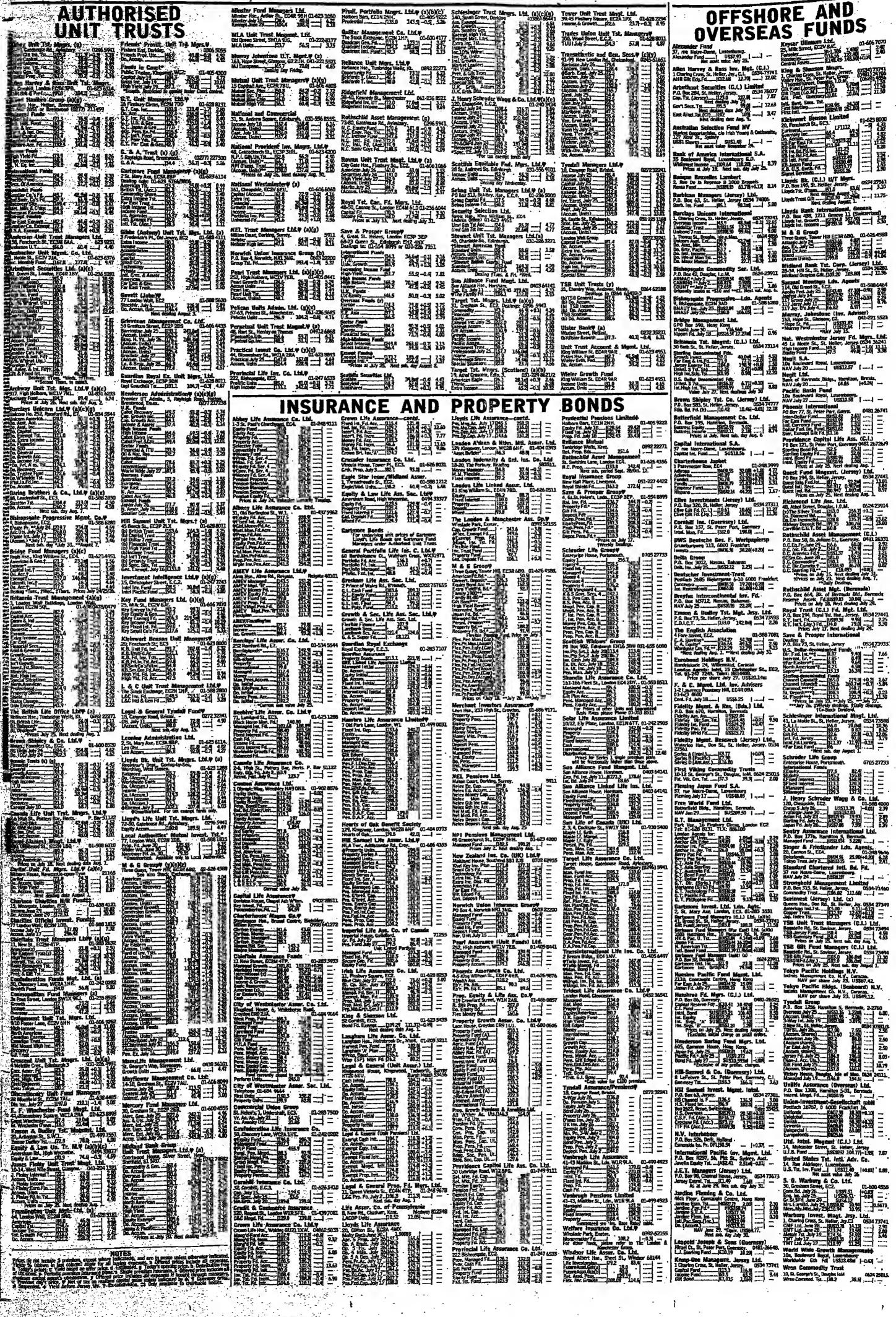
London, EC2



full saloon in winter yet a BRISTOL CARS 348-370, Kensington High St., London Wid BNL of the 5555

STROEN SUIT





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For East Fund 5052, 9 1.51
Dollar Fxd. Int. Fund, 5053, 9 1.51
Dollar Fxd. Int. Fund, 5053, 52
Ster, Exempt 601 Ftd. 15.16
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Sterling Equity Fd. 50.8 52.6
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FINANCIALTIMES

Monday July 30 1979



Front-line states link up before commonwealth talks

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

in Lusaka today oo the eve of settlement in Rhodesia. the Commonwealth Heads of Government Conference.

ment has been arranged at short as the realities of the aituation badly wan notice. The Presidents of the and to dissuade her from any a success. three Commonwealth front-line precipitate hacking for the States—Kauoda of Zambia, Muzorewa Government. States—Kanoda of Zambia, Nyerere of Tanzaoia and Sir Seretse Khama of Botswana are expected to he joined by negotiations on Rhodesia. But Presidents Machel of Mozaubique and Neto of Angola, and Mr. Joshua Nkomo and Mr. for argument. Robert Mugabe, who control the two guerrilla armies fighting to will decide the auccess or to play a pivotal role, both in some ki bring dowo Bishop Muzorewa's failure of the meeting are: keeping the temperature down, formula.

The role of President and in guiding the timing and Editorical contents of the contents o regime in Salishury.

The formal purpose of the meeting is to draw up a common strategy for the Commoowealth Conference. But it only serves to underline the extent to which the Rhodesian iasue will dominate the eight-day summit of 39

Britain sees the Lusaka meeting as the last stage in consultations before Lord Carrington formally launches a new set of constitutional pro-posals which would build on Rhodesia's internal settlement.

These proposals would be designed to bring Rhodesia to legal independence with the widest possible international

It is hoped the conference will reach broad agreement on with reach blood agreement on guidelines and principles within which the UK can pursue its Rhodeslao initiative. However, the British delegation will face ao extremely distrustful group of African States which fear that Mrs. Thatcher is using delaying tactics to get the Commonwealth Conference behind her hefore moving rapidly towards lifting Rhodesian sanctions.

expected to issue five licences

tomorrow in the hope that the

exploration groups can find an-

other significant oilfield like

Wytch Farm, near Corfe Castle

Four of the licences will per-

veys with shallow wells in parts

of Southern England extending

from Keat to the Bristol

Channel. These licences will be

granted to : Britisb Petroleum:

Continued from Page 1

change, however, may hope that

nicrely letting the insurance

industry know that such a move

might be considered will encourage the life companies

widely in small businesses.

Some Mioisters would like

to change the tax relief on morr-

gages, but it is accepted that mortgage relief is important in

abolish it altogether would be regarded by the party's

regarded hy the party's traditional supporters as a

Nevertheless, some Mioisters

be allowed to fall in value in

AN ATTEMPT to stop TUC

leaders from taking part in

talks with the Government

on proposed changes in

employment law will be made

at the annual Congress in

for Congress contains a spate

condemning intended changes

in industrial relations legis-

It leaves no doubt that many trade unionists will be

looking to the TUC for both

verbal resistance hut for a

positive and powerful cam-

one resolution,

Union of Construction, Allied

Trades and Technicians seeks

to instruct the general coun-

cil to "withdraw from all dis-

cuasious with the Govern-

ment based on their proposals

pull out of the voluntary code of practice on negotiating

procedures and conduct of disputes, reached with the last

Government, and to start a

campaign to alert trade

unionists to "the dangers of

these proposals and to the pos-

It also wants the TUC to

paign of opposition.

as published."

nf strongly worded resolutions

The prellminary agenda

Blackpool in September.

oelieve that the relief should pipeline.

BY OUR LABOUR CORRESPONDENT

Tory Party and that to

invest more

Tax relief

groups will soon begio a new UK independent company.

Scotland.

mit preliminary geological sur- in the Caithness-Sutberland area

British Gas Corporation; Con-tioeotal Oil, a U.S.-based group; on-shore oil loog before they

A SPECIAL meeting of the Leading African Common- Kaunda: President Kaunda is at content of British announce Presidents of the froot-line wealth nations are keen that once one of the African leaders ments of policy. States and Patriotic Front guer- there abould be a further most deeply committed to

The role of the first the first than t rilla leaders is being coovened attempt to reach a negotiated

But they will also want to use the conference to "educate" This unscheduled develop- Mrs. Thatcher in what they see

> The two sides at least have a common desire to see further their differing perceptions of the problem leave much room

Among the key factors that

genuine majority rule, head of a country whose economy is being devastated by the Rhodesian conflict, and chairman of a conference that man of a conference that he badly wants to be seen to be

The performance of Mrs. Thatcher: the Lusaka meeting will be the most serious test of Mrs. Thatcher's performance on the world stage. She will be handling an issue on which she bolds deep personal convictions.

Lord Carringtoo is expected

Canada's tradilional role of "hogest broker" on the Rhodesian issue.

The conference ageoda: Commonwealth officials are hop-ing that Rhodesia will not be discussed in detail until Friday—the third day of the confereoce—and that this will be followed by a weekend of informal consultations. This gentle approach could belp to produce some kind of an acceptable

Editorial comment Page 10

Thatcher faces Tory pressure

MRS. MARGARET Thatcher leaves London today for the Communwealth Conference in Lusaka under renewed Tory Party pressure to recognise the Muzorewa Government and lift the sanctions on

Right-wiog Tory MPs are angry over demands by Lord Carrington, the Foreign Secretary, for radical changes tn the Rhodeslan constitution before recognition

Hints of Britain's approach bave emerged at Westminster in the past two weeks but many Tery backbenchers were dismayed yesterday by reports of the hard line adopted by Lord Carrington at a meeting in London last week with a Rhodesian delegation led by Dr. Silas Mundawarara, the Deputy

Lord Carrington, reflecting

the South, in Yorkshire and in

The fifth licence to be issued

will probably permit Premier

Consolidated, a UK-based ex-

ploratioo group, to drill for oil

of Scotland. Under the terms

Premier could sink deep wells

oo what is regarded as a promis-

ing oil-bearing structure.

this production licence.

BY ANDREW WHITLEY IN TEHRAN

world's biggest gas reserves after the Soviet Union, is not

to go ahead with any new

schemes to export gas by pipe-

Mr. Hassao Morshed, the

head of the National Iranian

Gas Company (NIGC), said at

the weekend that exports were

uneconomic at prevailing world

prices. Irao will press the

Soviet Union for a substantial

Mr. Morshed confirmed that

sibility of a return to point-

less and destructive confron-

The Bakers, Food and Allied Workers' Union joins

UCATT in trying to stop the

general council taking part in

talks designed to weaken

trade union rights through,

for instance, economic sanctions or withdrawal of the

right to secondary picketing.

day of action by all unions against proposed changes in

closed shap law and calls on

support any union defending

shop stewards in difficulty as

in another resolution, the

a result of Tory legislating."

Association of Cinematograph,

Television and Allied Techni-

eians wants the "resources and membership of the entire

mobilised in a campaign on

the same scale as those which

were waged against "In Place of Strile"—the Labour attempts at trade union

reform in the late 1960s-and

Conservative's

The National Graphical

Association joins the calls for

Industrial Relations Act.

union movement

affiliated unions to

Its resolution demands a

tation policies."

real terms by maintaing the ceiling at its present £25,000 level.

In the giant £1.05bo 875-mile volume pi Igat-2 pipeline is to be can-USSR's celled. The decision was widely Industries.

increase in the price it receives onwards, for associated gas exported The gas through the 687-mile Igat-1 the Sovi

Move to block employment law talks

line or in a liquefied form.

international pressures on the Government, made it clear that there could be no recognition or removal of sanctions unless the Salishury regime revised its constitution to abolish the blocking powers and other entrenched privileges of the white minority.

The new constitution would also bave to be subjected to a "test of acceptability" by the Rhodesian people, the delegation was told. Lord Carrington is under-

stood to have informed the group that even if Tory MPs succeeded in rejecting a renewal of the sanctions order in November, the Government would block any attempt to restore normal trade relations until the constitutinnal reforms had been carried out,

North Sea. However, the

Even the British Gas Corpora-

tion's Wytch Farm field-con-

sidered to be as blg as some of

the smaller commercial fields in

the North Sea-is oot expected

to produce more than 16.000

barrels a day of crude. This must he set alongside the

500.000 barrels a day currently

being produced from BP's North

Wytch Farm presently pro-

Iran cancels gas export plans

duces oil at the rate of about the 1900s.

and please the U.S.,

which has been concerned at the prospect of closer economic

links between Moscow and the

Iran bad signed supply con-tracts with West Germany, France, Czechslovakia and Austria, whereby oearly 600bn

standard cu ft of natural gas

would be supplied from 1984

The gas would be supplied by the Soviet Union from its Western Orenburg fields in ex-

change for an equivalanet volume piped by Iran to the USSR's Southern Caucasus

resistance in a resolution

which attacks recent decisions

of the courts on employment

taw. It calls upon the general

council to "offer any necessary support in nnions which are subjected to perni-

cious judicial interpretations

nf current legislation which

amount to judge-created taw." Earlier this month, the

Department of Employment

published working papers on proposed changes in the law

nn picketing, the closed shop,

and the financing of union

Mr. James Prior, Employ-

ment Sccretary, will be consulting both sides of

industry and other interested

parties on these with a view

to introducing a Bill later

If the motions demanding withdrawal succeeded at Congress, these consultations

would take place without the

When the Conservative

Party came to power in May, most senior union leaders

helieved that they must con

tinue talking to the Govern-

ment. Since. bowever. some

become increasingly

ballots.

Islamic Republic of Iran.

likely to infuriate the Soviet also affects the major Kalingas

Sea Forties Fleld.

The Government's pro-posals for restoring Rhodesla

Paving the way for more onshore oilfields

FIVE OIL and gas exploration and Carless Petroleum, a small realised the potential of the 1,000 barrels a day, a rate ex-

IRAN, helieved to possess the expected, but is nevertheless

Union

oil needs.

search for onshore fuel resources in England and Scotland.

The Department of Energy is expected to issue five licences

Further exploration licences will probably be granted later in the year to companies wanting to drill in other areas of expected to issue five licences.

Further exploration licences amount of oil extracted from these on-shore fields has never accounted for more than a tiny fraction of Britain's domestic lit has drilled described in the year to companies wanting to drill in other areas of the probably be granted later accounted for more than a tiny fraction of Britain's domestic literature.

he drawn up after the Lusaka-conference and will be put to the Patriotic Front leaders as well as the Muzorewa

If the proposals reflect Lord Carrington's line, Tory MPs threaten a stormy revolt at the party conference this autumn and in the Commons sanctions vote,

The widespread strength of feeling on the issue within the party is demonstrated today with a forceful demand from Mr. Michaet Stephen. secretary of the Bow Group's foreign affairs committee, that the Government should recognise the new regime and lift sanctions.

in a paper published by the Bow Gronp, Mr. Stephen says there is "an unanswerable moral ease" for recognition and an legal reason for

pected to rise at least to 4,000

wells, the rate of output cao he raised to 16,000 barrels a day.

The expected life of the field is

Neither the oil industry nor

the Energy Department confi-

deot that large new fields can

be found onshore. However, it

is realised that several small

finds, each relatively inexpen-

sive to exploit when set against

North Sea standards could help

to guarantee Britaio remaining

a major oll producer well into

The ban on fulure exports

project whereby Japan and the

U.S. were each scheduled to receive 2.5m tons a year of liquised gas. The £350m pro-

ject is still at an early stage after lengthy technical and

Only limited quantities of associated gas from the

southern oilfields are being

exported to the Soviet Union

through Igat-1 as a result of the

decline in crude oil productioo.

were 56 per cent of contracted

volumes. Future supplies to the

end of the cootract period in 1985 would be limited to the

excess available after domestic

angered by what they see as the Government's announce-

ment without consultation of

major policy decisions affect-

This concern about lack of

consultation was voiced force-

fully on Thursday by Mr. Len

Murray, TUC general secre-

tary, after a meeting with

Sir Geoffrey Howe, the

The general council has

tabled a resolution for Con-

gress arguing that economic

stability and progress require

the acceptance of certain "key principles" by both Government and trade union

movement and expressing tts

gravest concern at the

repudiation of this approach

by the present Government."
This will be accompanied

by a general council stale-

ment aetting unt opposition to

the Government's economic

Public expenditure cuts

unemptoyment are other area other areas where the Gov-

ernment can expect some

at Congress.

unemployment are

needs had heen met.

ing industry.

Mr. Morshed said exports

marketing delays.

just 15 years.

terror bombs

Madrid

BY DAVID GARDNER IN MADRID

AT LEAST five people were killed and 113 wounded yaster-day when bombs exploded at Madrid's airport and at two main railway atations. The bombings followed four

aeparate weekend attacks on police in the Basque Country, which left three dead and six

The attacks came barely two weeks after the agreement between the Government and the main Basque parties on home rule provisions for the region, and are thought to be the start of an all-out campaign by separatist guerrillas of ETA-Militar, which said last Wednes-day that it would fight on for full independence.

The Madrid bombs exploded within five minutes of each other. The national news agency EFE had a telephoned warning about an bour earlier saying that bombs would explode within two hoors at Barajas Inter-national Airport and Madrid's two main railways stations at Apocha and Chamartin.

Phone call

First reports indicate that pobce bomb squads were sent to these places but that no attempt was made to evacuate attempt was made to evacuate the thousands of travellers, including foreign holidaymakers. One person died at Baraias: three at Atocha, where the bomb behind the information counter; and a Danish woman at Chamartin.

The Civil Governor of Madrid said that security in public places would be stepped up.

At a meeting in the Basque village of Zumaya Sen. Carlos Garalkoetxea, leader of the mainstream Partido Nacionalista Vasco and President of the pro-visional Basque administration, condemned "these brutal condemned "these brutal attacks, above all on the eve of an historic opportunity for the Basque Country tn decide on an end to violence and a beginning

Yes vote backed

The statute of autonomy agreed two weeks ago goes to refereodum in late September. The pro-statute parties, which include ETA Politico-militar and its political ailles, are cam-paigning for a "yes" vote. Herri Batasuna, the coalition sympathetic to ETA-Militar. which had about 20 per cent of the popular vote in the April municipal elections, opposes.

Weather

UK TODAY

MAINLY CLOUDY with some rain. Sunny intervals in places. Lendon, E., N.E., S.E. and Cent. England, E. Scotland Sunny iotervals, cloudy with rain later. Max. 23C (73F). W. Midtands, Wales, N.W. and S.W. Engtand, W. Scotland, Channet Is., Ulster

Mostly cloudy with rain, clearer later. Max. 21C (70F).
Centrat Hightands, N.W.
Scotland. Orkney and
Shetland

Mostly cloudy with rain, Max. Ontlook. Uosettled and cool

WORLDWIDE

rough hadling from delegates

THE LEX COLUMN

The squeeze on invisibles

THE RECENT monthly trade returns bave been at once so grim and so unreliable that the slight reduction in the monthly estimate for the UK's invisible. account surplus—by £10m tn: f110m—has been almost too; small to merit attention It is too easy to forget that in 1976 the invisible surplus was running at over £200m a month. The deterioration in the in-

visible surplus—from £2.5bn in 1976 to £1.4bn last year—can be very crudely accounted for by pointing to the steady rise in the Government's transfer debits. These seem set to rise inclinctably as the EEC Budget grows year by year and the UK contributes a larger share of the badget their year there will the budget; this year there will be some rebates to soften the impact, but in 1980 the transitional arrangements come to an end. Full membership of the EEC will mean a large outflow oo transfer account—already by 1978 the deficit nn official transfers had risen to £1.7bn, more than doubled in two years. Private transfers abroad may also rise as a result of exchange

At present, the shrinkage of net earnings from profits, earnlngs and dividends across the lngs and dividends across the exchanges constitutes another mainr source of pressure on the invisible aurphis. Increasing remittances from foreign companies with North Sea stakes were already narrowing the surplus on this part of the invisible account before the higher oil price increased their profits still further. At the same time, remlttances back to the UK from British companies abroad are affected by the ever when they get there. At time, remlttances back to the UK from British companies obroad are affected by the strength of sterling. The most favourable factor on this part of the account is the reduction in official overseas debt and the consequent fall in interest debits; on the other hand, overseas boldings of gilt-edged stock have recently been rising.

control relaxations.

So while the deficit on transfers will be growing through 1979 and 1980 from the 1978 total of £2bn, the surplus on profits, interest and dividends. of £550m last year, may ouite possibly disappear. The ques-tion is whether the surplus on services can grow fast enough to offset the deterioration else-

The Committee on Invisible Exports bas said that it is expecting net overseas earnings of the major service industries to grow by only five to six per ceot this year, a figure that may now bave to be trimmed back to take account of the strength in aterling. In at the end of December would



sector) came to £11.7hn, with a surplus on private sector services of £3.7bn being reduced to £2.9bn by the official

services deficit:

The danger in the services sector is that any improvement on items as diverse as shipping. on items as diverse as shipping banking, films, process, plant, contracting and advertising will be undermined by the transport account. The civil aviation surplus looks set for fall from last years 1330m and the tourism and travel surplus 1860m in 1978, looks very vulcerable.

the same time, British carnings from tourism seem to be under a good seal of pressure.

In the long term, the UK invisible surplus should reflect a grawing service sector and higher earnings from overseas assets, but the trend over the ext few years even if sterling weakens, looks rather bleak

Dunbee-Combex-Marx

annual. of Dunbee-Combex-Marx on August 20 should be of special interest to those institutions October. following the bad interim figures. Then they were told that the group's gearing 1978 service credits (excluding not be materially different from the small general government a year earlier. But the balance

picture.

Despite a property surphronf
£3.8m, share bolders' funds only
rose by a few hundred thousand
poinds in 1978 to £23.6m. Deligated payments jumped
from £18.9m to £30.6m, most of
it owed in the banks and all of
it secured. And December no
doubt represents a favourable
moment for a seasonal toy
business like Dimbee. Last
July, its barrowings exceeded
£45m.

The inimediate profits outlook is ant bright Progress towards recovery is expected in 1979, but humber's efforts to release hadly inseeded capital are likely to produce extraordinary costs. The frading agreement with China announced last October, has been slow to develon." And this year the interim results will reflect in full for the first time the extra seasonal swings in trading brought about by acquisitions in the U.S. That means there will be a very substantial half-year loss.

One point that will please the institutions is that Dunbes has abandoned its old accounting abandoned its old accounting treatment of toy moulds; it used to revalue them in the balance sheet and charge the extra depreciation straight to reserves. They will also note with approval the proposal to appoint Coopers and Lybrand to act jointly with Dunbee's existing auditors. H. W. Fisher and Co.

and Co. Yet the extent of Dunbee's current malaise is clearly visible in its share price. On Friday, it closed at a new low of 48p, less than a third of last year's bigh point. The market capi-talisation is just £111m and the assumption is that the dividend, which was almost all met out of reserves last year, is soing to prose out to trimmed back very sharply

weakens, looks rather please enterprises is not an idea conThe resilience of the invisible enterprises is not an idea consurplus has proved surprising fined to the UK. In South Africa
in the past and it is not going the sums involved in the expanto disappear now, but it is being sion of Sasol, the operation to disappear now, but it is being sion of Sasol, the operation which produces oil from coal;

squeezed immercifully—

are so huge that the Governsion has faid to turn to the stock market. The share issue meeting announced over the weekend is an equity market which is about the a quarter the size of the UK's: which attended a special But the decision to raise over meeting with the Board last, 90 per cent of the money through a private placement of 2 Cr2ST was partly paid shares with institutional investors, with future calls spread over two years, will cushion: the impact in the Johannesburg market.

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